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# TABLE OF CONTENTS

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<b>I. Insurance Program Mission, Vision, and Goals .....</b>	<b>3</b>
Insurance Mission and Vision.....	4
Administered Insurance Program Goals .....	5
<b>II. Program Information .....</b>	<b>6</b>
Life Insurance Facts .....	7
History of VA Life Insurance Programs .....	9
Program Administration.....	11
<b>III. Program Descriptions.....</b>	<b>12</b>
Insurance Summary.....	13
United States Government Life Insurance - USGLI.....	14
National Service Life Insurance - NSLI .....	16
Veterans' Special Life Insurance - VSLI.....	18
Veterans' Reopened Insurance - VRI.....	20
Service-Disabled Veterans Insurance - S-DVI .....	22
Veterans' Mortgage Life Insurance .....	26
Servicemembers' Group Life Insurance .....	29
SGLI Traumatic Injury Protection Program .....	34
Servicemembers' Group Life Insurance Family Coverage.....	37
Veterans' Group Life Insurance .....	41
Servicemembers' Civil Relief Act .....	48
<b>IV. Administered Program Policy Provisions.....</b>	<b>50</b>
Plans of Insurance .....	51
Cost NSLI "V" Term Insurance For Older Policyholders .....	53
Payment of Premiums .....	56
Waiver of Premiums .....	57
Dividend Options .....	58
Guaranteed Values .....	62
Policy Loans.....	63
Conversions.....	65
Paid-Up Additional Insurance.....	66
Annual Insurance Policy Statement .....	68
Beneficiary and Option Designations .....	69
Gratuitous S-DVI (Policies Prefixed by "ARH") .....	76
How To File Death Claims –Administered Programs .....	77
How To File Death Claims –Supervised Programs .....	79
<b>V. How To Contact Us .....</b>	<b>81</b>
Phone & Fax Numbers, E-mail, and Mailing Addresses .....	82
VA Insurance Information Available on the Internet .....	85





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# ***Insurance Program Mission, Vision, and Goals***

**I**

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# **Insurance Mission and Vision**

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## **Insurance Program Mission**

**VBA's Insurance program will:**

- **provide universally available life insurance benefits to Servicemembers and their families;**
- **provide traumatic injury protection insurance for Servicemembers;**
- **provide a conversion privilege to either a permanent plan or a renewable term insurance policy after a Servicemember's separation from service;**
- **provide life insurance benefits to Veterans that may not be available from the commercial insurance industry due to lost or impaired insurability resulting from military service;**
- **provide all benefits and services in an accurate, timely and courteous manner and at the lowest achievable administrative cost;**
- **provide insurance coverage in reasonable amounts at competitive premium rates; and**
- **ensure that a competitive, secure rate of return will be earned on investments held on behalf of insureds.**

## **Insurance Program Vision**

**VBA's Insurance program will be an organization that:**

- **provides insurance services that are equal or superior to those provided by the best commercial insurance companies;**
- **provides these services at substantially lower cost than commercial companies;**
- **provides fast, convenient access for our policyholders and beneficiaries; and**
- **provides customer communications which are fully explained, clear, timely and courteous.**

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## Administered Insurance Program Goals

### Fiscal Year 2010\* Customer Service Goals and Results:

Customer Service Goals For Fiscal Year 2010	Fiscal Year 2010 Actual
Disbursements (e.g., death claims, loans, etc.) will be processed on average within <b>2.7</b> workdays.	<b>1.6</b> workdays
Disbursements will be at least <b>99%</b> accurate.	<b>99.4%</b> accurate
Abandoned call rate will be no more than <b>2%</b> .	<b>.96%</b> of calls were abandoned
Toll-free telephone blockage (busy signals) will be no more than <b>2%</b> of call attempts.	<b>.3%</b> of calls were blocked on the first try
Callers will be put on hold waiting for an insurance specialist no more than <b>20</b> seconds.	<b>16</b> seconds hold time
Receive high Veterans' satisfaction ratings on at least <b>95%</b> of services delivered.	<b>94.7%</b> of Veterans surveyed said they were satisfied or very satisfied
Receive low Veterans' satisfaction ratings on no more than <b>3%</b> of Veterans' ratings.	<b>2.0%</b> of Veterans surveyed said they were unsatisfied or very unsatisfied

\*

October 1, 2010 – September 30, 2011

### Fiscal Year 2011\*\* Customer Service Goals:

Customer Service Goals For Fiscal Year 2011	
Disbursements will be processed on average within <b>2.5</b> workdays.	<b>Fiscal Year 2011 Actuals will be available at the end of 2011, and will be reported in the January 2012 edition of this booklet.</b>
Disbursements will be at least <b>99%</b> accurate.	
Abandoned call rate will be no more than <b>2%</b> .	
Toll-free telephone blockage (busy signals) will be no more than <b>2%</b> of call attempts.	
Callers will be put on hold waiting for an insurance specialist no more than <b>20</b> seconds.	
Receive high Veterans' satisfaction ratings on at least <b>95%</b> of services delivered.	
Receive low Veterans' satisfaction ratings on no more than <b>3%</b> of Veterans' ratings.	

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October 1, 2010 – September 30, 2011

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# ***Program Information***

**II**

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# Life Insurance Facts

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## What Is Life Insurance?

Life insurance provides protection against financial loss resulting from death. It is an insurance company's promise to pay a beneficiary a specific amount of money when an insured dies in exchange for timely payment of premiums.

## What Is It Intended To Do?

Life insurance offers security in the event of the insured's death. Life insurance offers financial protection to survivors. It provides dependents with the necessary funds to settle financial obligations and to cover the loss of income created by the insured's death. Life insurance policies are usually purchased with a specific intention in mind - to protect a mortgage or an estate, to provide for educational costs, for retirement or for charity, etc.

## Why Is Life Insurance Necessary?

People carry life insurance for many reasons. Among the most common are to pay off a mortgage, or personal debts (car loan, credit cards...), educational costs for young children, for beneficiaries to be able to maintain their current standard of living, for child care, for immediate financial needs, and medical or funeral costs.

## How Might Life Insurance Needs Change Over Time?

If an individual has finished raising their family, has paid off their mortgage and no longer has major financial obligations, then their life insurance needs will be lower than when they were younger. An individual may choose to no longer carry their insurance or to reduce their coverage amount to a level just sufficient to ensure that their survivors have enough money to pay final expenses (burial, medical, estate taxes, etc).

## How Does Commercial Life Insurance Work?

All aspects of life involve risk, e.g., fire, theft, auto accidents, injury and death. Insurance provides a means of transferring the financial consequences of certain risks from the individual to an insurance company. When an individual buys life insurance, they are grouped together with other people who are similar in age, sex, and health. Actuaries calculate how many people in each group are likely to die in a period of time. The more deaths there are in a group, the more money will be needed to pay death

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claims, and therefore, more money will have to be collected as premiums. Since younger people are less likely to die than older people, insurance premiums are generally lower at younger ages.

Each year, the insured pays the insurance company for their insurance policy. This money is called a premium. The insured also informs the insurance company who should get the insurance money if they (the insured) die. This is called designating a beneficiary. If the insured dies while their policy is active, the insurance company will pay the beneficiaries the insurance money. Insurance companies can do this because only a small number of people die each year, while many more people pay them premiums. The “risk” of death is spread out among many people in order to prevent a financial loss to the beneficiaries of the few who will die.

## **What Is An Actuary?**

An actuary is a person who is professionally trained in the technical aspects of insurance, particularly in the mathematics of insurance, such as calculating premiums, dividends, and proper policy reserves. Actuaries assist in estimating the cost of implementing new benefits or benefit enhancements and also conduct statistical and financial studies. Actuaries in the U.S. achieve professional status by passing a set of examinations given by the Society of Actuaries (SOA).

## **Where Does The VA Insurance Program Get Its Actuarial Expertise?**

The Insurance Actuarial Staff is located at the Insurance Center in Philadelphia. The Actuarial Staff is responsible for the financial management and actuarial soundness of the life insurance programs that are administered and supervised by the Department of Veterans Affairs Regional Office and Insurance Center. Among the staff’s responsibilities are the determination of premiums and dividends, determining policy values, developing mortality and insurance experience studies, setting appropriate reserve levels and financial reporting. The Actuarial Staff is also responsible for the evaluation of the financial impact of legislative proposals that will affect the life insurance programs.

The Actuarial Staff is responsible for the preparation of financial statements for each of the VA life insurance programs. These statements present the financial position of each of the life insurance programs. Each year, independent auditors audit these statements to ensure that the statements accurately reflect the financial position of the programs. This is important because a favorable audit opinion means that the life insurance programs are able to meet their obligations to policyholders and that all policyholders are being treated equitably. For every fiscal year since 1992, the VA insurance program has received an unqualified audit opinion. This means that the independent auditors have determined that the financial statements accurately reflect the financial position of the insurance programs.



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# History of VA Life Insurance Programs

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## War Risk Insurance Act (1914)

The United States Government first became involved in the insurance business when war broke out in Europe in 1914. Although President Wilson declared America neutral, commercial merchant ships supplied war materials to the allies in the war against Germany. Owners of these merchant ships could not get marine insurance from commercial companies. Congress passed the War Risk Insurance Act on September 2, 1914, providing marine insurance protection for merchant ships supplying the allies.

America entered the war against Germany in April 1917. Life insurance issued by commercial life insurers either excluded protection against the extra hazards of war, or if such protection was included, the premium rates were much higher than the normal rate. The War Risk Insurance Act was amended on June 12, 1917, to cover merchant marine personnel. The Act was again amended on October 6, 1917, authorizing for the first time issuance of government life insurance to members of the armed forces. Over 4 million policies were issued during World War I.

## United States Government Life Insurance (1919-1951)

The United States Government Life Insurance program (USGLI) was established in 1919 and replaced War Risk policies. Individuals could keep this coverage after separation from service.

## National Service Life Insurance (1940-1951)

The National Service Life Insurance program (NSLI) was established in 1940 to meet the insurance needs of World War II military personnel and Veterans. Like USGLI coverage, insureds could keep their NSLI coverage after discharge from service.

## Servicemen's Indemnity Insurance (1951-1956)

In 1951, NSLI was replaced by Servicemen's Indemnity Insurance, which automatically covered active duty Servicemembers for \$10,000 at no cost to the individual. Servicemembers remained covered for 120 days after their discharge.

## Veterans' Special Life Insurance (1951-1956)

Discharged Servicemembers who had Servicemen's Indemnity Insurance could replace their coverage with Veterans' Special Life Insurance (VSLI). VSLI was established in 1951 to meet the insurance needs of Veterans who served during the Korean Conflict, and the post Korean period through January 1, 1957.

In the early 1950's, commercial life insurance companies began to view the government's life insurance programs for Veterans as competition for their business and began lobbying Congress to remove the government from the life insurance business. As a result, the Veterans' Special Life Insurance program was closed to new issues at the end of 1956.

## **Service-Disabled Veterans Insurance (1951-Present)**

The only new insurance issued between 1957 and 1965 to either Servicemembers or Veterans was Service-Disabled Veterans Insurance (S-DVI). This insurance was (and still is) available to Veterans with a service-connected disability.

## **Veterans' Reopened Insurance (1965-1966)**

Veterans' Reopened Insurance (VRI) was opened in 1965 to provide coverage for certain classes of disabled Veterans, mainly from World War II and the Korean Conflict. Members who had dropped their NSLI or VSLI coverage and who had a service-connected disability, or a non-service connected disability that made them uninsurable, had a one-year period to apply for \$10,000 of coverage.

## **Servicemembers' Group Life Insurance (1965-Present)**

To meet the insurance needs of Vietnam Era Servicemembers, the government entered into a cooperative effort with the private insurance industry. In 1965, the Servicemembers' Group Life Insurance (SGLI) program was established. This program provides low-cost term insurance protection to Servicemembers through a group policy issued by a commercial life insurance company. Under this policy, the government agrees to pay the claim costs resulting from the extra hazards of service. All of VA's and the commercial insurance company's costs are covered by the premiums deducted from Servicemembers' pay.

The SGLI program was expanded in 2001 to provide Family Group Life Insurance (FSGLI) and again in 2005 to provide Traumatic Injury Protection Insurance (TSGLI).

## **Veterans' Group Life Insurance (1974-Present)**

In 1974, the Veterans' Group Life Insurance (VGLI) program became available to Veterans, providing term insurance protection after separation from service for those who had SGLI while in the service.

## **Veterans' Mortgage Life Insurance (1971-Present)**

This program was established to provide mortgage protection life insurance to severely disabled Veterans who have received VA grants for the purchase of specially-adapted housing.

On July 30, 2008, VMLI coverage was extended to disabled active duty Servicemembers.

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# Program Administration

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## The Department Of Veterans Affairs Insurance Center

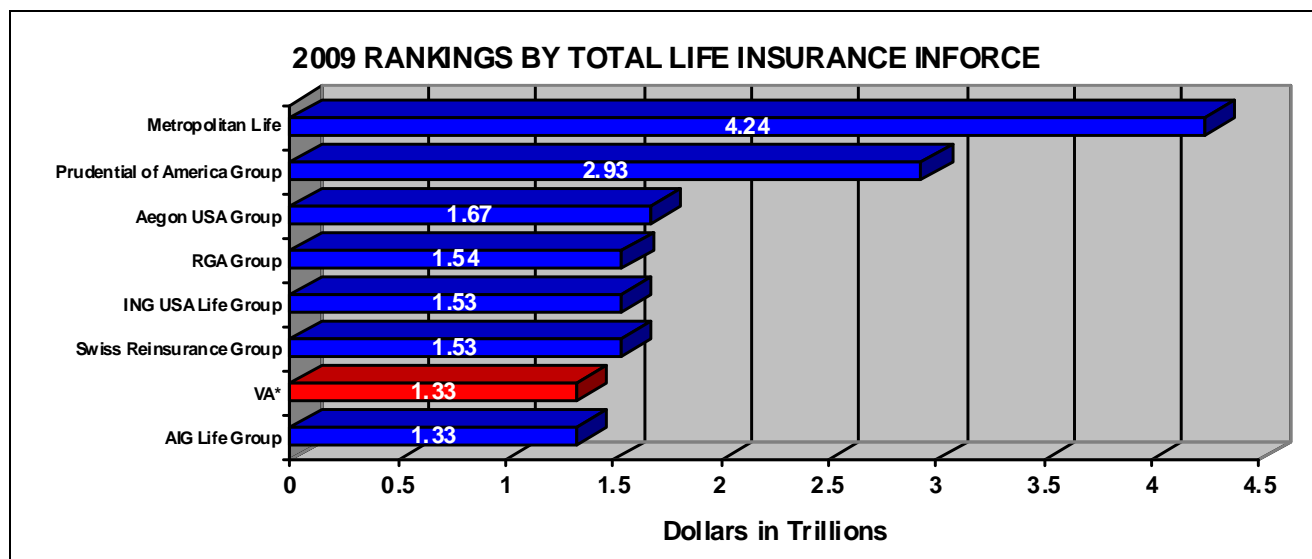
The Department of Veterans Affairs Regional Office and Insurance Center (VAROIC) in Philadelphia manages the government life insurance programs. For the six insurance programs that are administered directly by VA (USGLI, NSLI, VSLI, VRI, S-DVI and VMLI) the Insurance Center is responsible for:

- Collecting premiums
- Processing policy actions (change of address, loans, cash surrenders, etc.)
- Paying death and disability claims
- Offering toll-free telephone service
- Performing all actuarial functions
- Formulating policy, plans and procedures and
- Evaluating performance of the insurance programs.
- **Note:** Designing, developing, installing and maintaining application software, which supports the life insurance programs, is performed by the Insurance Products Division of the Office of Information and Technology, which is co-located in the Philadelphia VAROIC.

The Insurance Center also supervises the SGLI and VGLI programs. The SGLI/VGLI group life insurance policy is issued by Prudential Insurance Company of America. SGLI and VGLI provide coverage for members of the uniformed services (including family members), reservists and post-Vietnam Veterans. The Office of Servicemembers' Group Life Insurance (OSGLI) in Roseland, New Jersey is an administrative office created by Prudential to administer the day-to-day operations of SGLI and VGLI.

## Size Of VA Insurance Programs

According to the most recent data available (calendar year 2009), VA was the **7<sup>th</sup> largest insurer** in the country with 7.1 million individuals insured for \$1.33 trillion. This figure includes the coverage provided under the SGLI, VGLI and TSGLI programs.



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# ***Program Descriptions***

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- **Administered Programs**

- United States Government Life Insurance
- National Service Life Insurance
- Veterans' Special Life Insurance
- Veterans' Reopened Life Insurance
- Service-Disabled Veterans Insurance
- Veterans' Mortgage Life Insurance

- **Supervised Programs**

- Servicemembers' Group Life Insurance
  - Members of the Uniformed Services
  - Traumatic Injury Protection
  - Spouse and Child Life Insurance
- Veterans' Group Life Insurance

## INSURANCE SUMMARY (As of September 30, 2010)

Program	Policy Prefix	Open Era Issue Dates	Number of Individuals Insured	Average Age	Deaths per 1,000	For More Information See Page
<b>ADMINISTERED PROGRAMS</b>						
USGLI	K	January 1, 1919 to April 24, 1951	3,722	91.6	191.9	15
NSLI	V	October 8, 1940 to April 24, 1951	653,623	84.3	92.2	17
	H	August 1, 1946 to December 31, 1949	N/A	N/A	N/A	18
VSLI	RS, W	April 25, 1951 to December 31, 1956	152,137	78.5	42.6	19
VRI	J, JR, JS	May 1, 1965 to May 2, 1966	27,310	85.2	101.8	21
S-DVI	RH	April 25, 1951 to Present	185,007	61.0	37.4	23
VMLI	N/A	August 11, 1971 to Present	2,381	57.4	72.2	27
<b>SUPERVISED PROGRAMS</b>						
<b>SGLI</b>						
Member	N/A	September 29, 1965 to Present	2,433,500	29.9	0.96	30
Spouse	N/A	November 1, 2001 to Present	1,149,000	32.8	0.72	37
Child	N/A	November 1, 2001 to Present	2,123,000	8.6	0.79	37
TSGLI	N/A	December 1, 2005 to Present	2,345,500	29.9	N/A	35
VGLI	N/A	August 1, 1974 to Present	426,650	48.4	5.21	41
<b>TOTAL NUMBER OF INDIVIDUALS INSURED</b>				<b>7,156,330*</b>		
<b>TOTAL FACE AMOUNT OF INSURANCE</b>				<b>\$1,355,363,727,268**</b>		

\*TSGLI is a traumatic injury protection rider under SGLI and is, therefore, already included in the total number of individuals insured.

\*\*Total Face Amount of Insurance includes TSGLI coverage.

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## United States Government Life Insurance - USGLI (Policies Prefixed by K)

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### History Of The USGLI Program

The United States Government Life Insurance program was the government's first venture into life insurance. During WWI, the U.S. provided Marine Insurance to protect the interests of ship owners and merchants who were providing supplies to the allies in Europe. USGLI was the natural outgrowth of this Marine Insurance. The program was established to meet the needs of World War I Servicemembers and Veterans, but remained open to Servicemembers and Veterans with service until October 8, 1940. The government became a self-insurer since private insurance companies were unwilling to assume the unpredictable risks associated with a war. By establishing this program, Congress intended to avoid the financial burden imposed on the government by the pension programs that were established after previous wars. With the coverage provided by this program, the government became the largest life insurer in the U.S.

### Premiums Are No Longer Paid

The USGLI program operates from a strong financial position.

- We currently have \$22.1 million in trust fund reserves set aside.
- These funds are invested in U.S. Treasury Securities and policy loans. The average rate of return for FY 2010 was 5.0%.
- Because of the strong financial position of this program, all USGLI policies were declared paid-up as of January 1, 1983. *We no longer collect premiums from policyholders in this program.*

### Dividends Paid To USGLI Policyholders

Dividends are paid on all but a few USGLI policies.

- Reserves set aside in the trust funds continue to earn interest each year in excess of what is needed to pay future claims, allowing us to pay dividends.
- In 2011, we will pay approximately \$425,000 in dividends to USGLI policyholders. This is an average of \$120 per Veteran.

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## Disability Provisions

USGLI policies (except Special Endowment at Age 96) contain a provision that matures the policy upon the insured's total permanent disability. Under this provision:

- Proceeds are payable in installments of \$5.75 monthly per \$1,000 of insurance, as long as the insured remains totally and permanently disabled, with 240 payments guaranteed.
- If the insured dies before all guaranteed installments have been paid, the balance is payable to his or her named beneficiary.
- No additional premium is charged.
- There is no limit as to the age at which a disability may occur.

As of September 30, 2010, 15 USGLI policyholders were receiving monthly payments under this provision.

USGLI Historical Information	
Opened _____	January 1, 1919
Closed (Non-WWI Veterans) _____	October 8, 1940
Closed (WWI Veterans) _____	April 24, 1951
Number of Policies Issued ( <i>new issues and conversions from War Risk Insurance</i> ) _____	1,153,000
Face Value of Policies Issued _____	\$4,857,600,000
Average Face Value of Policies Issued _____	\$4,213
USGLI Current Information	
Number of Veterans Insured _____	3,722
Total Amount of Insurance in Force _____	\$10,798,539
Average Coverage Per Veteran _____	\$2,901
Average Attained Age _____	91.6
Average Annual Death Rate _____	191.9 per 1,000
Total Investments of the USGLI Fund _____	\$22,091,495
Average Rate of Return on Investments FY 2010 _____	5.0%
Total Disbursements FY 2010 _____	\$5,650,410
Dividend Distribution 2011 _____	\$425,000
Average 2011 Dividend Per Veteran _____	\$120

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## **National Service Life Insurance - NSLI (Policies Prefixed by V or H)**

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### **History Of The NSLI Program**

Most of the policyholders who have insurance under this program served during World War II. The program opened October 8, 1940, when it became clear that large-scale military inductions were imminent. Over 22 million policies were issued under the NSLI program. The majority of policies VA administers directly are NSLI policies. This program remained open until April 25, 1951, when two new programs were established for Korean War Servicemembers and Veterans.

The NSLI program provides for:

- A maximum amount of \$10,000 of basic insurance coverage;
- Individual policies issued to each policyholder;
- Certain contractual rights whereby a policyholder can bring a suit against VA in a U.S. District Court. Administrative decisions of the Board of Veterans Appeals can be appealed to the U.S. Court of Appeals for Veterans Claims.

### **Premium Rates “Capped” For Term Policies**

NSLI “V” term policies can be renewed indefinitely. At the older ages, premium rates increase significantly to cover the higher death rates at those ages. Although we continually encouraged term policyholders to convert to a permanent plan of insurance (which has fixed premium rates), many policyholders retained their term coverage.

As term policyholders reached their sixties and seventies, they found it difficult to pay the high premium rates. This situation received much Congressional interest as policyholders petitioned their representatives for financial relief. In 1984, the Insurance Actuarial Staff developed a partial solution to the problem by “capping” premium rates at the age 70 rate. This means that a term policyholder’s premium will never increase over the age 70 premium rate.

Effective September 11, 2000, “capped” NSLI term policies receive a termination dividend if a policy lapses, or if the policyholder voluntarily cancels their policy. The termination dividend will be used to purchase paid-up additional whole life insurance.

### **Dividends Paid To NSLI Policyholders**

After the reserve level requirements are determined by the Insurance Actuarial Staff, any surplus funds are returned to policyholders as a dividend.

- In 2011, a total of \$176.8 million in dividends will be distributed to NSLI policyholders. This is an average dividend of \$278 per Veteran.
- The 2011 average dividend is about 8.4% lower than that paid in 2010.

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## Disability Provisions

All NSLI policies provide for

- A waiver of premiums at no extra cost if the insured becomes totally disabled for six months or longer prior to age 65.
- An optional Total Disability Income Provision covering disability before age 65, providing a monthly income of up to \$100 per month, as long as total disability continues.

## "H" Insurance

"H" policies were issued between August 1, 1946, and December 31, 1949, to Veterans with service-incurred disabilities. These policies were non-participating.

On November 11, 1998, the 'Veterans Programs Enhancement Act of 1998' (Public Law 105-368) was signed into law. Included in the legislation was the merger of "H" policies into the regular NSLI "V" policies. Under the Act:

- All "H" policies were converted to "V" policies effective January 1999.
- Converted policies now have the same premium rates and policy provisions as "V" policies.
- These previous "H" policyholders now receive dividends.

### NSLI Historical Information

Opened _____	October 8, 1940
Closed _____	April 24, 1951
Number of Policies Issued _____	22,177,000
Face Value of Policies Issued _____	\$173,765,000,000
Average Face Value of Policies Issued _____	\$7,835

### NSLI Current Information

Number of Veterans with 5-year Term Policies _____	153,112
Number of Veterans with Permanent Plan Policies _____	500,511
Total Amount of Insurance in Force _____	\$8,923,959,857
Average Coverage Per Veteran _____	\$13,653
Average Attained Age _____	84.3
Average Annual Death Rate _____	92.2 per 1,000
Total Investments of the NSLI Fund _____	\$8,609,954,406
Average Rate of Return on Investments FY 2010 _____	5.4%
Total Disbursements FY 2010 _____	\$1,304,158,456
Dividend Distribution 2011 _____	\$176,800,000
Average 2011 Dividend Per Veteran _____	\$278

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## **Veterans' Special Life Insurance - VSLI (Policies Prefixed by RS or W)**

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### **History Of The VSLI Program**

This insurance program was established in 1951 to meet the insurance needs of Veterans who served during the Korean Conflict, and the post-Korean period through January 1, 1957. During this period, all Servicemembers on active duty were covered for \$10,000, at no cost, under a program known as Servicemen's Indemnity. They remained covered for 120 days after their discharge. The VSLI program allowed these newly discharged Veterans to apply for \$10,000 of contract term insurance. Application had to be made during the 120-day period during which they remained covered by Servicemen's Indemnity. It was during this time that representatives of the commercial insurance industry began a major lobbying effort to get the government out of the insurance business because the programs were viewed as competition. As a result, the VSLI program was closed to new issues at the end of 1956, and coverage for individuals in the services was terminated. Approximately 800,000 VSLI policies were issued between 1951 and 1957.

### **Features Of "RS" And "W" Policies**

There are two types of VSLI policies:

#### **RS - five-year level premium term policies:**

- These were the original policies available in this program.
- RS policies can remain in force as 5-Year Level Premium Term beyond the age of 50.
- To provide financial relief from the high premium rates at advanced ages, RS term premiums were capped at the age 70 renewal rate effective May 1, 1989. This means that the annual premium for these policies will not exceed \$68.16 per \$1,000 of coverage.
- Effective September 11, 2000, "capped" VSLI term policies receive a termination dividend if a policy lapses, or if the policyholder voluntarily cancels their policy. The termination dividend will be used to purchase paid-up additional whole life insurance.

#### **W - five-year level premium term policies:**

- A 1959 legislative change permitted RS policyholders to convert to permanent plans or to exchange their policies for a special lower premium term policy. These newer policies are identified by the prefix W.
- To avoid W term policyholders from keeping their policies into advanced ages (when premiums are very high), these policies had to be converted to permanent plans before age 50, or coverage ceased. There are no longer any W term policyholders eligible for this conversion.

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## Dividends Paid To VSLI Policyholders

In 2011, a total of \$57.1 million in dividends will be distributed to VSLI policyholders.

- This is an average dividend of \$379 per Veteran.
- The 2011 average dividend is 7.1% lower than that paid in 2010.

## Disability Provisions

All VSLI policies provide for:

- A waiver of premiums at no extra cost based on the insured's total disability lasting six months or longer and starting before age 65.
- An optional Total Disability Income Provision covering disability before age 65, providing a monthly income of \$10 per \$1,000 of insurance, was available at an extra cost.

### VSLI Historical Information

Opened _____	April 25, 1951
Closed _____	December 31, 1956
Number of Policies Issued _____	803,111
Face Value of Policies Issued _____	\$7,349,178,500
Average Face Value of Policies Issued _____	\$9,151

### VSLI Current Information

Number of Veterans with 5-year Term Policies (RS) _____	10,476
Number of Veterans with Permanent Plan Policies (W) _____	141,661
Total Amount of Insurance in Force _____	\$2,218,196,297
Average Coverage Per Veteran _____	\$14,580
Average Attained Age _____	78.5
Average Annual Death Rate _____	42.6 per 1,000
Total Investments of the VSLI Fund _____	\$2,126,523,893
Average Rate of Return on Investments FY 2010 _____	6.2%
Total Disbursements FY 2010 _____	\$187,223,024
Dividend Distribution 2011 _____	\$57,100,000
Average 2011 Dividend Per Veteran _____	\$379

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

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## Veterans' Reopened Insurance - VRI (Policies Prefixed by J, JR, or JS)

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### History Of The VRI Program

In 1964, Congress enacted legislation providing for a limited reopening of NSLI and VSLI. Beginning May 1, 1965, Veterans who had been eligible to obtain insurance between October 8, 1940 and January 1, 1957, could once again apply for government life insurance. They had one year to apply for this "reopened" insurance that was available *only* to disabled Veterans. Approximately 228,000 VRI policies were issued. No term insurance policies were issued in this program.

### Premium Rates

Premium rates for this insurance depend on the nature and severity of the disability.

If the disability is:	The premium rate:
Service-connected	varies from standard to a maximum of two to three times the standard
Non-service-connected but serious	varies from two to three times the standard to a maximum of \$50 per month plus the standard monthly premium rate per \$1,000 of insurance

Favorable claim rates and rising interest levels made possible the following premium changes and reductions:

Effective Date	VRI Premium Rate Changes
October 1970	Premium rates were reduced by an average of 18 percent for all policies with "J" prefixes (those policies issued at standard rates).
October 1976	Premium rates were reduced by an average of 22 percent for all "J" policies and 34 percent for all "JR" policies.
October 1977	All premium paying "JS" policies were declared fully paid-up.
May 1989	The administrative cost premium of 42 cents a month per policy was eliminated. This additional premium was designed to fund the administrative costs of the program. However, when the excess earnings of the program became sufficient to fund the program costs, the additional premium was no longer necessary.

### Dividends Paid To VRI Policyholders

The VRI program began paying dividends in 1980 in order to more equitably distribute the surplus earnings of the program. A total of \$5.8 million in dividends will be paid to VRI policyholders in 2011.

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## Disability Provisions

VRI policies provide for:

- A waiver of premium at no extra cost based on the insured's total disability lasting six months or longer, and starting prior to age 65.
- An optional total disability income benefit covering disability occurring before age 65 for "J" policyholders. (This is **not** available on policies prefixed by "JR" or "JS".) Payments are made at the rate of \$10 monthly per \$1,000 of coverage, as long as the insured remains totally disabled.

### VRI Historical Information:

Opened _____	May 1, 1965
Closed _____	May 2, 1966
Number of Policies Issued _____	227,882
Face Value of Policies Issued _____	\$1,601,504,500
Average Face Value of Policies Issued _____	\$7,028

### VRI Current Information:

Number of Veterans Insured _____	27,310
Total Amount of Insurance in Force _____	\$317,003,519
Average Coverage Per Veteran _____	\$11,608
Average Attained Age _____	85.2
Average Annual Death Rate _____	101.8 per 1,000
Total Investments of the VRI Fund _____	\$323,903,473
Average Rate of Return on Investments FY 2010 _____	5.6%
Total Disbursements FY 2010 _____	\$47,124,769
Dividend Distribution 2011 _____	\$5,800,000
Average 2011 Dividend Per Veteran _____	\$218

**QUESTIONS?**

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**Visit our Website:**

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## Service-Disabled Veterans Insurance - S-DVI (Policies Prefixed by “RH” or “ARH”)

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### History Of The S-DVI Program

In addition to Veterans' Special Life Insurance, which was provided to healthy Veterans, the Insurance Act of 1951 also established the Service-Disabled Veterans Insurance (S-DVI) program for Veterans with service-connected disabilities. S-DVI is open to Veterans **separated from the service on or after April 25, 1951, who receive a service-connected disability rating of 0% or greater.** New policies are still being issued under this program. During fiscal year 2010, 18,662 new S-DVI policies were issued.

### Eligibility Requirements For S-DVI Insurance (“RH”)

In order to be eligible for S-DVI, a Veteran must have:

1. received other than a dishonorable discharge.
2. been released from active duty after April 25, 1951.
3. **RECEIVED A RATING FOR A NEW SERVICE-CONNECTED DISABILITY WITHIN THE LAST 2 YEARS.**
  - ✓ The Veteran does not need to have a 100% rating to be eligible. Veterans who receive a new rating of even 0% are eligible for the coverage.
  - ✓ The Veteran must apply for the insurance within two years from the date they are notified that service-connection has been established.

### New Agent Orange Presumptives

On October 13th, 2009, Secretary Shinseki announced his intent to establish presumptive service-connection for Parkinson’s Disease, Ischemic Heart Disease (IHD), and Hairy Cell/B Cell Leukemia for all in-country Vietnam Veterans. This decision was based on The Institute of Medicine’s seventh biennial update, *“Veterans and Agent Orange: Committee to Review the Health Effects in Vietnam Veterans and Exposure to Herbicides.”* Under normal circumstances, the establishment of a new service-connected disability entitles Veterans for coverage under the Service-Disabled Veterans Insurance (S-DVI) program. Veterans of Vietnam who are now able to establish service-connection for one of the new presumptive conditions may apply for S-DVI, but in some cases, many years have elapsed from the time the conditions manifested themselves. As a result these Veterans may have incurred other serious, but not service-connected conditions that could prevent them from being *“insurable according to the standards of good health established by the Secretary.”*



**QUESTIONS?**

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## Eligibility Requirements For Supplemental S-DVI (“Supplemental RH”)

The Veterans' Benefits Act of 1992, provided for \$20,000 of supplemental coverage to S-DVI policyholders. ***Premiums may not be waived on this supplemental coverage.*** S-DVI policyholders are eligible for this supplemental coverage if:

1. they are eligible for a waiver of premiums on their S-DVI policy due to total disability.
2. they apply for the coverage within one year from notice of the grant of waiver.
3. they are under age 65.

Between December 1992 and September 2010, VA has approved 39,336 applications for “Supplemental RH”.



**The Veterans’ Benefit Act of 2010**, which was enacted on October 13, 2010, provides an increase in the maximum amount of Supplemental Service-Disabled Veterans’ Insurance from \$20,000 to \$30,000 and will take effect on **October 1, 2011**. All eligible Veterans will have an opportunity to increase their coverage amounts.

## Gratuitous S-DVI (“ARH”)

Congress enacted legislation in 1959 to protect Veterans who become incompetent from a service-connected disability while eligible to apply for S-DVI, but who die before an application is filed.

“ARH” insurance is:

1. Issued posthumously;
2. Payable to a preferred class of the Veteran's relatives;
3. Payable in a lump sum only.

*(Conditions for eligibility and payment of Gratuitous S-DVI are discussed in greater detail on page 76)*

## Premiums For S-DVI Insurance

To provide financial relief from the high premium rates at advanced ages, "RH" term premiums were “capped” at the age 70 renewal rate effective November 1, 2000. This means that the annual premium for these policies will not exceed \$69.73 per \$1,000 of coverage.

Premiums charged for S-DVI coverage are:

- Based on the rates a healthy individual would have been charged when the program began in 1951.
- Waived for totally disabled Veterans (47% of S-DVI policies are on premium waiver).
- Insufficient to pay all of the claims because the program insures many Veterans with severe disabilities.

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- Supplemented on an annual basis by Congressional appropriations.

There are no reserves or surplus funds in this program. Therefore, dividends are *not* paid.

## Disability Provisions

S-DVI policies (except supplemental coverage) provide for a waiver of premiums benefit at no extra cost. In order to qualify for this waiver, the insured must incur a total disability that lasts six months or longer and starts before age 65.

Additionally, waiver can still be obtained even if the total disability commenced prior to the effective date of the policy, provided that the total disability is service-connected. This latter provision is only applicable to S-DVI policies.

The optional Total Disability Income Provision is not available under this program.

## Apply for S-DVI Insurance Online

Veterans can now apply for Service-Disabled Veterans Insurance by going to the VA insurance website at [www.insurance.va.gov](http://www.insurance.va.gov) and following the link to “Apply for Service-Disabled Veterans' Insurance Online.” The new AutoForm (Automated Form) application will walk the Veteran through the application step-by-step. The Veteran can review different insurance plans and calculate premiums. We'll help the Veteran determine if they are eligible for this insurance. The application can be saved on our secure server if the Veteran is not able to complete it in one session. The application is submitted electronically via our secure server. The application can also be printed and mailed or faxed to us.

## Application Forms

The forms listed below are to be used in the following situations:

<i>If the Veteran</i>	<i>The Veteran should file</i>
<ul style="list-style-type: none"> <li>• would like to apply for S-DVI coverage</li> <li>• has a service-connected disability <i>and</i></li> <li>• is applying for S-DVI within two years of the granting of that disability</li> </ul>	VA Form 29-4364 (Application for Service-Disabled Insurance)
<ul style="list-style-type: none"> <li>• has been awarded S-DVI coverage</li> <li>• has a total disability that began prior to his/her 65<sup>th</sup> birthday</li> <li>• would like to apply for a Waiver of Premiums</li> </ul>	VA Form 29-357 (Claim for Disability Insurance Benefits)
<ul style="list-style-type: none"> <li>• has been awarded S-DVI coverage</li> </ul>	VA Form 29-0188 (Application for

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<ul style="list-style-type: none"> <li>• is receiving a waiver of premiums <i>and</i></li> <li>• is under age 65 and within one year of the granting of waiver of premiums</li> <li>• would like an additional \$20,000 in coverage (“supplemental RH”)</li> </ul>	Supplemental Service Disabled (RH) Life Insurance)
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*To expedite the processing of their application, the Veteran should include a copy of the latest rating decision if they received it from VA.*

<b>S-DVI Historical Information</b>	
Opened _____	April 25, 1951
Number of Policies Issued _____	518,987
Face Value of Policies Issued _____	\$5,078,855,079
Average Face Value of Policies Issued _____	\$9,786
<b>S-DVI Current Information</b>	
Number of Veterans with 5-year Term Policies _____	58,829
Number of Veterans with Permanent Plan Policies _____	126,178
Total Amount of Insurance in Force _____	\$2,178,770,408
Average Coverage Per Veteran _____	\$11,777
Average Attained Age _____	61.0
Average Annual Death Rate _____	37.4 per 1,000
Total Disbursements FY 2010 _____	\$143,411,355
Percentage of Policies on Premium Waiver _____	47%

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# Veterans' Mortgage Life Insurance

## VMLI

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### History Of The VMLI Program

The Veterans' Mortgage Life Insurance (VMLI) program began in 1971, and was designed to provide financial protection to cover eligible Veterans' home mortgages in the event of death. Effective July 30, 2008, the program was expanded to offer coverage to disabled active duty Servicemembers and Servicemembers and Veterans who suffer from a severe burn injury. In the strict sense of the word, this is actually mortgage insurance. VMLI is issued to those severely disabled Veterans and Servicemembers who have received grants for Specially-Adapted Housing from VA. These grants are issued to Veterans and Servicemembers whose movement is substantially impaired because of their disability.



**The Veterans' Benefit Act of 2010**, which was enacted on October 13, 2010, increases the maximum amount of VMLI allowed an eligible Veteran or Servicemember from \$90,000 to \$150,000 (and to \$200,000). The increase to \$150,000 will take effect on **October 1, 2011**, and the increase to \$200,000 will take effect on **January 1, 2012**. All eligible Veterans will have the opportunity to increase their coverage amounts. The insurance is payable if the insured dies before the mortgage is paid off. We will pay the amount of money still owed on the mortgage up to \$150,000 (and \$200,000). ***The insurance is payable only to the mortgage lender.***

### Eligibility For VMLI

The insurance is restricted to those Veterans or Servicemembers who receive grants for the purchase of Specially-Adapted Housing under the authority of title 38, US Code, chapter 21. Grants are available to Veterans who are entitled to compensation for service-connected, permanent and total disabilities for one or more of the following conditions:

- 1) Loss or loss of use of both legs.
- 2) Blindness in both eyes plus the loss or loss of use of one leg.
- 3) Loss or loss of use of one leg with residuals of organic disease or injury that affects balance or propulsion.
- 4) Loss or loss of use of one leg together with the loss or loss of use of one upper extremity that affects balance or propulsion.
- 5) Severe Burn Injury

On December 6, 2002, Congress passed legislation allowing insureds to retain their VMLI coverage past age 70. Previously VMLI coverage ceased when the insured reached age 70. **Note:** Coverage cannot be issued after age 69.

### Coverage Amounts

<b>QUESTIONS?</b>	<b>Call us Toll Free:</b>	<b>1-800-669-8477</b>
	<b>Visit our Website:</b>	<b><a href="http://www.insurance.va.gov">www.insurance.va.gov</a></b>

VMLI coverage decreases as the insured's mortgage falls below \$90,000 (\$150,000 on October 1, 2011). This reduced coverage cannot be reinstated. For example, if the insured has a \$125,000 mortgage on his or her home, then:

- The maximum amount of VMLI insurance coverage is \$90,000 (\$150,000 effective October 1, 2011).
- Coverage will remain at \$90,000 until the mortgage balance goes below \$90,000. Once the mortgage balance goes below \$90,000, the insurance coverage will decrease at the same rate as the mortgage amount.
- As the mortgage balance decreases below \$90,000, the difference between \$90,000 and the mortgage balance is "used up" and cannot be reinstated for that particular home.

However, if the home is sold and a new home is purchased, the Veteran becomes eligible once again for the maximum amount of coverage.

## Payment of VMLI proceeds

Certain conditions apply to the payment of VMLI benefits:

- The insurance is payable at the death of the Veteran or Servicemember *only to the mortgage holder*.
- No insurance is payable if the mortgage is paid off before the death of the insured or if it was paid off by other mortgage insurance before the VMLI payment is made.
  - \* This is important to consider if the Veteran or Servicemember is thinking of purchasing mortgage insurance in addition to VMLI, or if he or she has obtained a mortgage through a state Veterans program that requires them to enroll in the state's insurance program (California and Oregon have such programs). Some mortgage insurance programs will pay the outstanding mortgage balance first and *then* pay any remaining money directly to a named beneficiary. Others, like VMLI, will pay the outstanding mortgage balance only to the mortgage company - no further payments are made. Therefore, if there is duplicate coverage, a Veteran's or Servicemember's next of kin would be encouraged to contact VA **first** for the payment of VMLI benefits and *then* file a claim with other programs. However, there is no guarantee of an additional payment even if the VMLI insurance is paid first.
- If title to the property is shared by the Veteran or Servicemember in any ownership other than joint ownership (such as tenancy in common, or fractional shares), then the insurance coverage is only for the percentage of the title that is in the insured's own name.

The insurance will be canceled for any of the following conditions:

- 1) The mortgage is paid in full.
- 2) Termination of the insured's ownership of the property securing the loan.
- 3) The request of the insured.
- 4) Failure of the insured to submit required information.
- 5) The insured stops paying the premiums.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

## VMLI Premium Rates

Effective October 1, 2005, VMLI premiums were reduced. VMLI premiums were automatically reduced for virtually all VMLI policyholders by an average of 35 percent.

VMLI premiums are determined by the insurance age of the Veteran or Servicemember, the outstanding balance of the mortgage at the time of application, and the remaining length of time the mortgage has to run. Veterans or Servicemembers who desire insurance will be advised of the required premium when it is determined.

Premiums ***must*** be paid by deduction from the Veteran's monthly compensation or pension payments, if the Veteran is receiving such payments. If such payments are not being received, the Veteran may make direct payments on a monthly, quarterly, semiannual, or annual basis, to the VA Insurance Center in Philadelphia, Pennsylvania.

VMLI Program	
Opened _____	August 11, 1971
Number of Insureds _____	2,381
Total Amount of Insurance in Force _____	\$176,880,648
Average Coverage Per Insured _____	\$74,288
Average Attained Age _____	57.4
Average Annual Death Rate _____	72.2 per 1,000

**QUESTIONS?**

**Call us Toll Free:**

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# Servicemembers' Group Life Insurance SGLI

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## History Of The SGLI Program

The Servicemembers' Group Life Insurance (SGLI) program was established in 1965, for Vietnam Era Servicemembers. SGLI is supervised by the Department of Veterans Affairs and is administered by the Office of Servicemembers' Group Life Insurance (OSGLI) under terms of a group insurance contract. This program provides low-cost term insurance protection to Service members.

## Eligibility For SGLI

Full-time coverage is available for:

- Commissioned, warrant and enlisted members of the Army, Navy, Air Force, Marine Corps and Coast Guard
- Commissioned members of the National Oceanic and Atmospheric Administration and the Public Health Service
- Cadets or midshipmen of the four United States Service Academies
- Ready Reservists scheduled to perform at least 12 periods of inactive training per year
- Members of the Individual Ready Reserves who volunteer for assignment to a mobilization category

Part-time coverage is available for eligible members of the Reserves and ROTC who do not qualify for full-time coverage.

The participation rate for fiscal year 2010 was 99% for active duty and 93% for Ready Reserve.

## Coverage Amounts

**Effective September 1, 2005**, the maximum SGLI coverage was increased to **\$400,000**. This coverage is:

- Automatic at the time of entry into a period of active duty or reserve status.
- Available only in \$50,000 increments up to the maximum of \$400,000 of insurance.

Members may decline coverage or may elect reduced coverage by completing form SGLV-8286. However, if such a member later wishes to obtain or increase coverage, proof of good health will be required.

**NOTE:** *Reservists called to active duty are **automatically** insured for \$400,000 regardless of whether or not they had previously declined coverage, or elected a lesser amount of coverage while on reserve duty. They can reduce or decline coverage when they are called to active duty by completing form SGLV-8286.*

## SGLI Premium Rates

**Effective July 1, 2008**, the basic SGLI premium rate was decreased from 7.0 cents per month per \$1,000, to 6.5 cents per month per \$1,000.

The tables below show illustrative premium rates for both full-time and part-time Active Duty and Reservists:

Active Duty/Reservists Full-Time Coverage <u>Monthly Premium*</u> (All Ages)		Active Duty/Reservists Part-Time Coverage <u>Annual Premium*</u> (All Ages)	
Amount of Insurance	Effective <b>July 1, 2008</b>	Amount of Insurance	Effective <b>July 1, 2008</b>
\$50,000	\$3.25	\$50,000	\$3.25
\$100,000	\$6.50	\$100,000	\$6.50
\$150,000	\$9.75	\$150,000	\$9.75
\$200,000	\$13.00	\$200,000	\$13.00
\$250,000	\$16.25	\$250,000	\$16.25
\$300,000	\$19.50	\$300,000	\$19.50
\$350,000	\$22.75	\$350,000	\$22.75
\$400,000	\$26.00	\$400,000	\$26.00

\* These premiums **do not** include the \$1.00 premium for TSGLI coverage. To calculate the total premium that would be due, add \$1.00 to each rate shown (e.g., for \$200,000 of insurance coverage the premium would be \$14, for \$400,000 of insurance coverage, the premium would be \$27, etc.)

## Coverage Periods

Full-time coverage is effective:

- Throughout a member's period of active duty or qualifying reserve status.
- For a 120-day free period following separation or release from active duty or reserve status.

Part-time coverage is effective:

- Only on the days of active duty or active duty for training and for periods of travel to and from such duty.
- For a free period of 120 days if a member under part-time coverage incurs a disability or aggravates a preexisting disability while performing a period of duty.

**QUESTIONS?**

**Call OSGLI Toll Free: 1-800-419-1473**

**Visit our Website: [www.insurance.va.gov](http://www.insurance.va.gov)**



## Permanent Disability Extension

**The Veterans' Benefits Act of 2010** permanently extends the two-year duration of the SGLI Disability Extension for totally disabled Veterans.

**Full-time coverage is also effective for Servicemembers who are unable to work due to a disability at the time of separation.**

## Beneficiary Selection

Any **beneficiary** can be named. If none is selected, then the insurance is distributed, by law, in the following order:

- 1) spouse, or if none,
- 2) children, or if none,
- 3) parents, or if none,
- 4) executor of estate, or if none,
- 5) other next of kin.

In an effort to protect spouses of Servicemembers, on September 1, 2005, Public Law 109-80 became effective and requires that a spouse of a Servicemember must be notified by the member's branch of service if the member chooses not be insured under SGLI or to be insured for less than the maximum amount. The law also requires the spouse be notified if the Servicemember names someone other than the spouse or child of the member as the beneficiary, but the spouse is not given the name of the beneficiary.

## Payment Of Policy Proceeds

SGLI proceeds can be paid with the affirmative election of one of three payment options:

- Lump Sum paid via the **Alliance Account\***,
- Lump Sum paid via a single check, or
- 36 equal monthly installments
- Lump Sum Electronic Funds Transfer will be available later in 2011

If the beneficiary does not select an option, the insurance will be paid via the Alliance Account.

\* The Alliance Account is not available for payments less than \$5,000, payments to individuals residing outside the United States and its territories, and certain other payments. These will be paid by check.

An **Alliance Account** is an interest bearing draft account established in the beneficiaries name with a draft book. The beneficiary can write drafts ("checks") for any amount up to the full amount of the proceeds. There are no monthly service fees or per check charges and additional checks can be ordered at no cost, but fees apply for some special services including returned checks, stop payment orders, and copies of statement/checks.

The funds in an Alliance Account begin earning interest immediately and will continue to earn interest until all funds are withdrawn. Interest is accrued daily, compounded daily, and credited every month. The interest rate may change, but not more than once a month and will vary over time subject to a minimum rate for each 90-day period. A beneficiary will be advised in advance of any change to the minimum interest rate via the quarterly Alliance Account statement or by calling Alliance Account Customer Support at (877) 255-4262.

The funds in the Alliance Account are available immediately. Simply use the drafts (“checks”) to access the account at any time. Beneficiaries can write a check to themselves (which can be cashed or deposited at their own bank) or write a check to another person or to any business, as the funds are needed.

The Alliance Account is a contractual obligation of Prudential. Since Prudential is not a bank but an insurance provider, the accounts are not insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures deposits in individual banks up to \$250,000. The Alliance Account is a “retained asset account” and is backed by the financial strength of the company and further protected by state guaranty associations. Every state has a guaranty association that is legally obligated to guarantee payments of these accounts. The lowest guaranty by state is \$250,000. Most states provide a \$300,000 guaranty; a few provide a \$500,000 guaranty.

**NOTE:** Beneficiaries cannot deposit additional funds into the Alliance Account.

**Beneficiary Financial Counseling Services (BFCS)** is an extra benefit offered to beneficiaries of SGLI and VGLI policies as well as TSGLI recipients, at no charge. Once a claim is paid, a beneficiary or recipient can receive free professional financial advice provided by FinancialPoint by calling toll-free at 1-888-243-7351 (SGLI or VGLI) or 1-800-428-3416 (TSGLI). BFCS offers:

- Personalized Service – The beneficiary receives a financial plan tailored to their situation with action steps addressing their specific needs.
- Objective Advice – The beneficiary benefits from the advice of financial professionals who have no products to sell, do not receive a commission for their services and are not affiliated with any banks or investment firms.
- Convenience – The beneficiary can speak with a financial counselor at any time to get answers to questions they may have about their financial plan.

**Accelerated Benefits Option (ABO)** gives terminally ill SGLI and VGLI policyholders access to the death benefits of their policies before they die. This is a one-time benefit only. The member may receive a portion of the face value of the insurance in a lump-sum payment subject to the following:

- Terminally ill insureds will have access of up to 50 percent of the face amount of their coverage during their lifetime.
- This money will be available in increments of \$5,000.
- An insured must have a medical prognosis of life expectancy of nine months or less.



## Insurance Options After Separation From Service

When released from active duty or the Reserve, members with full-time SGLI coverage can convert their coverage to Veterans' Group Life Insurance *or* to an individual permanent plan commercial life insurance policy with any one of 26 participating commercial insurance companies.

SGLI Program – Member Coverage	
Opened _____	September 29, 1965
Number of Members Covered _____	2,433,500
Total Amount of Insurance in Force _____	\$913,345,223,000
Average Coverage Per Member _____	\$375,322
Average Attained Age _____	29.9
Average Annual Death Rate _____	0.96 per 1,000

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# SGLI Traumatic Injury Protection Program

## TSGLI

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### History of the TSGLI Program

The Traumatic Injury Protection (TSGLI) Program became effective December 1, 2005. TSGLI is automatic coverage for those covered under SGLI. It provides insurance payments to members who suffer certain serious traumatic injuries in service. The purpose of the program is to provide short-term financial assistance to traumatically injured Servicemembers in order to lessen the economic burden on them and their families during an often extensive recovery and rehabilitation process.

Effective November 26, 2008, VA increased the number of traumatic injuries covered under TSGLI and liberalized the criteria for other injuries as a result of an extensive “TSGLI Year-One Review” (YOR) of the program. The YOR regulation added new benefits for uniplegia, limb salvage, facial reconstruction, and partial amputation of the foot and hand. In addition, the qualifying criteria for the degree of severity for burns and the duration of loss of sight were lessened. Another important change was the provision of a benefit for members who are hospitalized for a period of 15 consecutive days as a result of a traumatic injury, as a proxy for the existing benefit of loss of ability to perform Activities of Daily Living.

### Eligibility For TSGLI Coverage

#### Who is covered under TSGLI

All Servicemembers who have SGLI coverage are automatically covered by TSGLI. It is not optional coverage. TSGLI coverage applies to active duty members, reservists, funeral honors duty and one-day muster duty.

#### Who *is not* covered under TSGLI

This coverage does ***not*** apply to spouses and children covered under Family SGLI, nor to those covered under the VGLI program.

A member who wants to file a claim for the traumatic injury benefit should contact their uniformed service to begin the certification process (go to [www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm](http://www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm) for contact information). Each uniformed service will determine a member's eligibility for traumatic injury protection benefits and will provide certification for payment to the member.

### Coverage Amounts

TSGLI payments will range from \$25,000 to a maximum of \$100,000, depending on the type and severity of injury. TSGLI does not provide payments for losses due to illness or disease. (For injuries that are covered by, or excluded from TSGLI, see “Injuries Covered by TSGLI” and “Losses Excluded From TSGLI Payment” below.)

**The Veterans' Benefit Act of 2010** allows TSGLI benefits to be payable retroactively to any member (whether they were insured for SGLI or not) who suffered a qualifying traumatic injury between October 7, 2001 and December 1, 2005 regardless of whether they were incurred in Operation Enduring Freedom or Operation Iraqi Freedom. The expansion of individuals qualifying for retroactive TSGLI benefits takes effect on **October 1, 2011.**



## TSGLI Premiums

Premiums for full time traumatic injury coverage are \$1.00 per month and are deducted from the Servicemember's pay. Premiums for Reservists or National Guard members with part time coverage are \$1.00 per year and deducted from the Servicemember's pay.

## Injuries Covered by TSGLI

TSGLI covers certain specific losses as listed in the "TSGLI Schedule of Losses" (go to [www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm](http://www.insurance.va.gov/sgliSite/TSGLI/TSGLI.htm) for this schedule). These losses include the following categories and certain combinations thereof:

- Total and permanent loss of sight, speech, or hearing
- Amputation of hand (includes loss of four fingers on the same hand or loss of thumb)
- Amputation of foot (includes loss of all toes)
- Loss of four toes on the same foot or loss of big toe
- Limb salvage
- Quadriplegia, paraplegia, hemiplegia, or uniplegia
- Burns (2nd degree or more covering 20% or more of the body or 20% or more of the face)
- Facial reconstruction
- Coma resulting from traumatic injury
- Inability to carry out two activities of daily living due to traumatic brain injury
- Inability to carry out two activities of daily living due to other traumatic injury
- Continuous 15-day inpatient hospital care due to traumatic injury

## Losses Excluded From TSGLI Payment

The following losses are excluded from TSGLI payment:

- 1) Losses caused by:
  - a) a mental disorder.
  - b) a mental or physical illness or disease, unless the illness or disease is caused by
    - (1) a pyogenic (pus forming, often from a wound) infection, biological, chemical, or radiological weapon, or
    - (2) accidental ingestion of a contaminated substance.
  - c) attempted suicide,
  - d) self-inflicted wounds,

- e) diagnostic procedures, preventive medical procedures such as inoculations, medical or surgical treatment for an illness or disease, or any complications arising from such procedures or treatment, or
  - f) the member's willful use of an illegal or controlled substance, unless administered or consumed on the advice of a medical professional.
- 2) Injuries sustained while committing, or attempting to commit, a felony.

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# Servicemembers' Group Life Insurance Family Coverage FSGLI

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## History Of The FSGLI Program

The Veterans' Survivor Benefits Improvements Act of 2001 extended life insurance coverage to spouses and children of members insured under the SGLI program.

## Eligibility For SGLI Family Coverage

Family coverage is available for the **spouses** and **dependent children** of:

- Active duty Servicemembers and
- Members of the Ready Reserve of a uniformed service

**NOTE:** *Family coverage is available only for members insured under the SGLI program. Family coverage is not available for those insured under the VGLI program.*

## Coverage Amounts

SGLI coverage for spouses and children is issued automatically. Coverage is issued based on the information in the Servicemember's personnel record.

Group Covered	Coverage Amounts
Spouse	Up to \$100,000 coverage can be purchased for a spouse in increments of \$10,000. SGLI coverage for a spouse may not be greater than the amount of the Servicemember's coverage. For example, if the Servicemember has \$50,000 of SGLI coverage, the spouse can only be covered for up to \$50,000.

Child coverage is automatic with basic SGLI member coverage and does not require spousal coverage.

Children	Each dependent child of every active duty Servicemember or reservist insured under SGLI is automatically insured for \$10,000 at no additional cost. <b>NOTE:</b> <i>The maximum benefit under family coverage for any one child is \$10,000. This means that if both parents are insured under SGLI, the maximum payment upon the death of the child is \$10,000.</i>
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Members may decline coverage or may elect reduced coverage for their spouse by completing form SGLV-8286A, Family Coverage Election. If such a member later wishes to obtain or increase coverage for their spouse, the member must complete Form SGLV 8285A and provide proof of insurability (i.e., good health) of the spouse.

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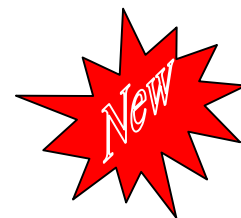
## Coverage for Stillborn Children

The Veterans' Benefits Improvement Act of 2008 (Public Law 110-389) was enacted on October 10, 2008. This law provides coverage for stillborn children as insurable dependents under the FSGLI program. Previously, child coverage under SGLI had by law excluded stillborns from coverage under FSGLI. Regulations implementing section 402 of the Veterans' Benefits Improvement Act of 2008, were published in the Federal Register on November 18, 2009 and immediately went into effect. This change applies only for stillbirths on or after October 10, 2008, the effective date of PL 110-389. A \$10,000 payment will be made to the insured Servicemember upon the death of the member's dependent child.

## SGLI Spousal Coverage Premiums

Premiums for SGLI spousal coverage are automatically deducted from a Servicemember's pay and will continue to be deducted from pay until the Servicemember's separation from service. Coverage will continue, at no extra cost, for 120 days following separation from service.

**Effective July 1, 2010**, premiums for SGLI spouse coverage were reduced for all age groups by an average of eight percent. This is the third reduction in premium rates since the FSGLI program began in 2001. The table below shows the monthly premiums for a spouse based on age and amount of coverage.



Servicemembers' Group Life Insurance - Spouse Coverage Monthly Premium Rates - <i>Effective July 1, 2010</i>							
Amount of Insurance	Age of Spouse						
	34 & Below	35-39	40-44	45-49	50-54	55-59	60 & Over
\$100,000	\$5.00	\$6.50	\$8.50	\$13.00	\$25.00	\$37.00	\$50.00
90,000	4.50	5.85	7.65	11.70	22.50	33.30	45.00
80,000	4.00	5.20	6.80	10.40	20.00	29.60	40.00
70,000	3.50	4.55	5.95	9.10	17.50	25.90	35.00
60,000	3.00	3.90	5.10	7.80	15.00	22.20	30.00
50,000	2.50	3.25	4.25	6.50	12.50	18.50	25.00
40,000	2.00	2.60	3.40	5.20	10.00	14.80	20.00
30,000	1.50	1.95	2.55	3.90	7.50	11.10	15.00
20,000	1.00	1.30	1.70	2.60	5.00	7.40	10.00
10,000	0.50	0.65	0.85	1.30	2.50	3.70	5.00

Because premiums are automatically deducted from the member's pay for spouse coverage, and the existence of children for claim purposes is determined from military records, **it is important that**

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**the information in the member's personnel and payroll files concerning their spouse and children is accurate and up to date.**

## **Termination Of Spousal Coverage**

Coverage for a **spouse** will end 120 days after any of the following events:

- The date the Servicemember elects in writing to terminate their spouse's coverage
- The date the Servicemember elects in writing to terminate their own SGLI coverage
- The date of the Servicemember's death
- The date the Servicemember separates from service
- The date of the Servicemember's divorce from spouse

## **Conversion Of Spousal Coverage**

A spouse may elect to convert his or her coverage to an individual permanent plan life insurance policy with any one of 26 participating commercial insurance companies within 120 days following one of the "termination of family coverage" events listed above. Spouses wishing to exercise this conversion privilege should contact OSGLI at their toll-free number in order to obtain a conversion package with the appropriate information. There are no conversion options available to children.

## **Termination Of Child Coverage**

Coverage for a **child** will end 120 days after any of the following events:

- The date the Servicemember elects in writing to terminate their own coverage
- The date the Servicemember separates from service
- The date of the Servicemember's death
- The date the Servicemember's child is no longer their dependent. A child is considered to be a dependent if:
  - ❑ the child is unmarried and is under the age of 18. This includes all natural born children, legally adopted children and stepchildren who are members of the Service member's household.
  - ❑ the child is unmarried, between the ages of 18 years and 22 years and is pursuing a course of instruction at an approved educational institution.
  - ❑ the child is unmarried and becomes permanently incapable of self-support before the age of 18.

## Payment Of Policy Proceeds

Payments of Family SGLI proceeds are made as follows:

For the death of:	Proceeds are paid to:
A spouse	The Servicemember
A child of one SGLI participant	The Servicemember
A child of two married SGLI participants	The Servicemember who was eligible for SGLI coverage the longest
A child of two separated or divorced SGLI participants	The Servicemember who has custody of the child

It is important to understand that family insurance coverage belongs to the SGLI insured member and not to the spouse.

SGLI Program – Family Coverage	
Opened _____	November 1, 2001
Number of Spouses Covered _____	1,149,000
Total Amount of Spouse Insurance in Force _____	\$113,466,330,000
Average Attained Age of Spouses _____	32.8
Average Annual Death Rate of Spouses _____	0.72 per 1,000
Number of Children Covered _____	2,123,000
Total Amount of Child Insurance in Force _____	\$21,230,000,000
Average Attained Age of Children _____	8.6
Average Annual Death Rate of Children _____	0.79 per 1,000

*For more information on SGLI Family Coverage, please visit our website at:*

<http://www.insurance.va.gov/sgliSite/FSGLI/sglifam.htm>

**QUESTIONS?**

**Call OSGLI Toll Free: 1-800-419-1473**

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# Veterans' Group Life Insurance VGLI

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## History Of The VGLI Program

In 1974, the Veterans' Group Life Insurance (VGLI) program became available. VGLI, like SGLI, is supervised by the Department of Veterans Affairs, but is administered by the Office of Servicemembers' Group Life Insurance (OSGLI). VGLI provides for the conversion of SGLI coverage to a lifetime renewable term policy of insurance protection after a Servicemember's separation from service.

## Eligibility For VGLI

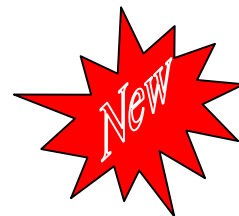
Full-time coverage is available for the following members:

- Full-time SGLI insureds who are released from active duty or the Reserves.
- Ready Reservists who have part-time SGLI coverage, and who, while performing active duty or inactive duty for training for a period of less than 31 days, incur a disability or aggravate a preexisting disability that makes them uninsurable at standard premium rates.
- Members of the Individual Ready Reserve (IRR) and Inactive National Guard (ING).

## Coverage Amounts

**Effective September 1, 2005**, the maximum amount of VGLI was increased to **\$400,000**. VGLI is issued in multiples of \$10,000 up to the maximum \$400,000 but not for more than the amount of SGLI coverage the member had in force at the time of separation from active duty or the reserves.

**The Veterans' Benefit Act of 2010**, which was enacted on October 13, 2010, provides certain VGLI insureds with the opportunity, at every fifth anniversary, to increase their VGLI coverage by an increment of \$25,000, up to the existing legislated maximum at the time of renewal. The opportunity for Veterans to "buy-up" their VGLI coverage begins **April 11, 2011** under the following guidelines:



- The additional coverage must be requested during the 120-day period prior to the 5-year VGLI anniversary of the policy.
- The insured does not have to answer any medical questions.
- The total amount of coverage cannot exceed \$400,000.
- The insured must be under age 60 on the coverage effective date of the 5-year VGLI anniversary of the policy.
- The premium rates, beneficiary designations, and the lifetime coverage option are the same as those for the current basic VGLI coverage.

**Amounts available for this additional coverage:**

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- If the coverage amount is less than \$375,000, the insured can purchase an additional \$25,000 of VGLI coverage. Amounts less than \$25,000 are not allowed if coverage is less than \$375,000.
- If the coverage is more than \$375,000, the insured can purchase the amount that increases the coverage to \$400,000.

## VGLI Renewal

Members may renew their VGLI coverage under the following conditions:

- Members who have separated from service may renew their VGLI coverage annually for life.
- Members of the IRR or ING may renew their VGLI as long as they remain in the IRR or ING.
- Rather than renew, a member also has the right at any time to **convert** VGLI to an individual permanent plan life insurance policy with any one of 26 participating commercial insurance companies. The member can convert their VGLI in \$10,000 increments. Conversion means that the company is obligated to sell the member a policy at standard rates, without regard to their health status.

## How To Apply For VGLI

### Application by Mail

Generally notifications of VGLI applications are sent to eligible members three times: by mail within 60 days after separation; by mail just prior to 120 days after separation when the SGLI “no health” coverage period ends; and again by mail shortly before the end of the 16-month application period. In the first two notifications, members are directed to apply online or call to request an application. The final notification includes a paper application, but also advises to apply online. Notifications are mailed to the address shown on the member’s DD Form 214 or equivalent separation orders. ***It is the member's responsibility, however, to apply within the time limits, even if they do not receive an application in the mail.*** Applications for VGLI coverage should be mailed to The Office of Servicemembers' Group Life Insurance, P.O. Box 41618, Philadelphia, PA 19176-9913. Questions and general correspondence should be mailed to the above address as well.

### On-line Application

Veterans can now apply for VGLI coverage through the VGLI Online Access portal on the Web. The Veteran is walked through each step of the application process, from retrieving data automatically if OSGLI already has it on file, to presenting medical questions, if necessary, which can be completed on-line. Applications are evaluated instantly, and the Veteran is informed that his or her coverage is approved pending receipt of payment, and if required, proof of SGLI coverage. To apply on-line, go to the VA Insurance website, follow the link to the “Servicemembers’ and Veterans’ Group Life Insurance” website at <http://www.insurance.va.gov/sgliSite/default.htm> and click on “VGLI Online Access”.

**QUESTIONS?**

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## Time Limits To Apply For VGLI

To be eligible, a member must apply for VGLI within the following time limits:

- A member may submit an application *without evidence of insurability* (good health) to OSGLI with the required premium *within 120 days following separation from service*.
- If an application or the initial premium has not been submitted within 120 days following separation from service, VGLI may still be granted if an application, the initial premium and *evidence of insurability* (good health) are submitted to OSGLI *within 1 year and 120 days following separation from service*. *Applications will not be accepted after one year and 120 days*.
- If a member is *totally disabled* (unable to work due to a disability) at the time of separation from active duty *and* is granted extended free SGLI coverage by OSGLI, he or she will be automatically enrolled in VGLI at the end of the two-year extension period. If they want to keep the VGLI, they will have to begin making premium payments.
- Individuals who are assigned to the IRR and ING have 120 days after assignment to apply, without evidence of good health, and one year after that with evidence of good health.

An application for an incompetent member may be made by a guardian, committee, conservator or curator. In the absence of a court-appointed representative, the application may be submitted by a family member or anyone acting on the member's behalf.

## Payment Of Premiums

Once a VGLI application is approved, the OSGLI will send the insured a certificate of coverage and will begin billing the insured monthly. There are several options available for the payment of premiums. For some of these options, the insured will receive a premium discount.

Frequency of Payment	Methods of Payment Available	Premium Discount Rate
Monthly	Allotment from military retirement pay	No Discount
	Deduction from VA compensation payments	
	Check	
	On-demand deduction from checking account or credit card	
Quarterly	Check	2.50% Discount
	On demand deduction from checking account or credit card	
Semi-annually	Check	3.75% Discount
	On demand deduction from checking account or credit card	
Annually	Check	5.00% Discount
	On demand deduction from checking account or credit card	

## VGLI Premium Rates

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VGLI premium rates are determined by age group and amount of insurance. VGLI is available in \$10,000 increments.

As of July 1, 2008, VGLI premium rates were reduced for those ages 30 to 64, which comprise 85 percent of those insured under the program. Sample rates are shown below:

<b>VGLI Monthly Premium Rates</b>						
<b>Age</b>	<b>Amount of Insurance</b>					
	<b>\$400,000</b>	<b>\$300,000</b>	<b>\$200,000</b>	<b>\$100,000</b>	<b>\$50,000</b>	<b>\$10,000</b>
Thru 29	\$32.00	\$24.00	\$16.00	\$8.00	\$4.00	\$0.80
30 thru 34	40.00	30.00	20.00	10.00	5.00	1.00
35 thru 39	52.00	39.00	26.00	13.00	6.50	1.30
40 thru 44	68.00	51.00	34.00	17.00	8.50	1.70
45 thru 49	88.00	66.00	44.00	22.00	11.00	2.20
50 thru 54	144.00	108.00	72.00	36.00	18.00	3.60
55 thru 59	268.00	201.00	134.00	67.00	33.50	6.70
60 thru 64	432.00	324.00	216.00	108.00	54.00	10.80
65 thru 69	600.00	450.00	300.00	150.00	75.00	15.00
70 thru 74	900.00	675.00	450.00	225.00	112.50	22.50
75 & Over	1,800.00	1,350.00	900.00	450.00	225.00	45.00

### Cost of additional VGLI coverage

As described on page 42, effective April 1, 2011, insureds wishing to increase their coverage can purchase an additional \$25,000 of VGLI coverage. The premium rates are the same as those for basic VGLI.

<b>Monthly VGLI Premium for Additional Coverage</b>		
<b>Age</b>	<b>Cost Per \$1,000</b>	<b>Cost for \$25,000</b>
29 and under	\$0.08	\$2.00
30-34	\$0.10	\$2.50
35-39	\$0.13	\$3.25
40-44	\$0.17	\$4.25
45-49	\$0.22	\$5.50
50-54	\$0.36	\$9.00
55-59	\$0.67	\$16.75
60 and over*		
* Only Veterans who have not reached age 60, on their 5-year VGLI anniversary are eligible.		
If coverage is \$375,000 or less, an additional \$25,000 coverage can be purchased.		
Amounts less than \$25,000 are not allowed if the current coverage is less than \$375,000.		



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## High Cost of Term Insurance at Older Ages

To lessen the high cost of term insurance at the older ages, Veterans should consider gradually reducing the amount of their VGLI coverage as they get older, since insurance needs usually lessen as individuals reach ages 65 and above. The following is a sample coverage reduction schedule that would allow the Veteran to maintain a level premium while reducing coverage:

Age Group	Coverage Level	Premium
65-69	\$150,000	\$225
70-74	\$100,000	\$225
75 & over	\$50,000	\$225

Following this schedule the Veteran's monthly premium would remain at \$225 after age 65.

## Beneficiary Selection

Any **beneficiary** can be named. If none is selected, the insurance is distributed, by law, in the following order:

- 1) spouse, or if none,
- 2) children, or if none,
- 3) parents, or if none,
- 4) executor of estate, or if none,
- 5) other next of kin.

## Payment Of Policy Proceeds

VGLI proceeds can be paid with the affirmative election of one of three payment options:

- Lump Sum paid via the **Alliance Account\***,
- Lump Sum paid via a single check, or
- 36 equal monthly installments
- Lump Sum Electronic Funds Transfer will be available later in 2011

If the beneficiary does not select an option, the insurance will be paid via the Alliance Account.

\* The Alliance Account is not available for payments less than \$5,000, payments to individuals residing outside the United States and its territories, and certain other payments. These will be paid by check.

An **Alliance Account** is an interest bearing draft account established in the beneficiaries name with a draft book. The beneficiary can write drafts ("checks") for any amount up to the full amount of the proceeds. There are no monthly service fees or per check charges and additional checks can be ordered at no cost, but fees apply for some special services including returned checks, stop payment orders, and copies of statement/checks.

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The funds in an Alliance Account begin earning interest immediately and will continue to earn interest until all funds are withdrawn. Interest is accrued daily, compounded daily, and credited every month. The interest rate may change, but not more than once a month and will vary over time subject to a minimum rate for each 90-day period. A beneficiary will be advised in advance of any change to the minimum interest rate via the quarterly Alliance Account statement or by calling Alliance Account Customer Support at (877) 255-4262.

The funds in the Alliance Account are available immediately. Simply use the drafts (“checks”) to access the account at any time. Beneficiaries can write a check to themselves (which can be cashed or deposited at their own bank) or write a check to another person or to any business, as the funds are needed.

The Alliance Account is a contractual obligation of Prudential. Since Prudential is not a bank but an insurance provider, the accounts are not insured by the Federal Deposit Insurance Corporation (FDIC). The FDIC insures deposits in individual banks up to \$250,000. The Alliance Account is a “retained asset account” and is backed by the financial strength of the company and further protected by state guaranty associations. Every state has a guaranty association that is legally obligated to guarantee payments of these accounts. The lowest guaranty by state is \$250,000. Most states provide a \$300,000 guaranty; a few provide a \$500,000 guaranty.

**NOTE:** Beneficiaries cannot deposit additional funds into the Alliance Account.

**Beneficiary Financial Counseling Services (BFCS)** is an extra benefit offered to beneficiaries of SGLI and VGLI policies as well as TSGLI recipients, at no charge. Once a claim is paid, a beneficiary or recipient can receive free professional financial advice provided by FinancialPoint by calling toll-free at 1-888-243-7351 (SGLI or VGLI) or 1-800-428-3416 (TSGLI). BFCS offers:

- Personalized Service – The beneficiary receives a financial plan tailored to their situation with action steps addressing their specific needs.
- Objective Advice – The beneficiary benefits from the advice of financial professionals who have no products to sell, do not receive a commission for their services and are not affiliated with any banks or investment firms.
- Convenience – The beneficiary can speak with a financial counselor at any time to get answers to questions they may have about their financial plan.

**Accelerated Benefits Option (ABO)** gives terminally-ill SGLI and VGLI policyholders access to the death benefits of their policies before they die. This is a one-time benefit only. The member may receive a portion of the face value of the insurance in a lump-sum payment subject to the following:

- Terminally ill insureds will have access of up to 50 percent of the face amount of their coverage during their lifetime.
- This money will be available in increments of \$5,000.
- An insured must have a medical prognosis of life expectancy of nine months or less.

## On-line Policy Access

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**Visit our Website: [www.insurance.va.gov](http://www.insurance.va.gov)**

VGLI policyholders can access their policies online by going to the VA insurance website at [www.insurance.va.gov](http://www.insurance.va.gov) and following the link to the “Servicemembers’ and Veterans’ Group Life Insurance Web site.” First time users can enter their Social Security Number and last name. After submitting this information they are then given the opportunity to create their own User ID and Password. The policyholder will then have access to his/her Veteran's Group Life Insurance record. Policyholders can view and verify account information, such as status of their coverage, payment and billing information, and beneficiary information. Address changes, name changes, and changes to coverage amounts can also be done on-line. In addition, Veterans whose coverage has lapsed due to non-payment of premiums can apply online to have their coverage reinstated.



## VGLI Web Chat Feature

OSGLI introduced VGLI Chat to improve service for Veterans covered by VGLI. VGLI Chat allows VGLI policyholders to interact real time with a Contact Center Associate online. In order to start a VGLI Chat session VGLI policyholders are required to sign in to their VGLI Online account and click Chat Now on the Contact Us page. Additional features of VGLI Chat include scheduling a call with a Contact Center Associate, information on premium options and premium reduction, as well as other account actions like paying a bill or updating beneficiaries. For information on contacting OSGLI, please see page 84.

VGLI Program	
Opened _____	August 1, 1974
Number of Veterans Covered _____	426,650
Total Amount of Insurance in Force _____	\$58,946,565,000
Average Coverage per Veteran _____	\$138,161
Average Attained Age _____	48.4
Average Annual Death Rate _____	5.21 per 1,000



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## **Servicemembers' Civil Relief Act (SCRA)**

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### **History Of The Servicemembers' Civil Relief Act**

Congress and state legislatures have long recognized that military service can often place an economic and legal burden on Servicemembers. The Soldiers' and Sailors' Civil Relief Act of 1918 was passed in order to protect the rights of Servicemembers while serving on active duty. Servicemembers were protected from such things as repossession of property, bankruptcy, foreclosure or other such actions while serving in the military. This Act remained in effect until shortly after World War I when it expired. The Soldiers' and Sailors' Civil Relief Act of 1940 (SSCRA) was passed in order to protect the rights of the millions of Servicemembers activated for World War II. The SSCRA has remained in effect until the present day and has been amended many times since 1940 to keep pace with the changing military. In December 2003, Congress passed legislation renaming SSCRA as the Servicemembers' Civil Relief Act (SCRA). The SCRA updates and strengthens the civil protections enacted during World War II.

### **Eligibility For Protection of Life Insurance Coverage under SCRA**

Under SCRA, the U.S. Department of Veterans Affairs (VA) will protect, from default for nonpayment of premiums, up to **\$400,000** of commercial life insurance for Servicemembers called to active duty. The protection provided by this legislation applies during the insured's period of military service and for a period of two years thereafter. The following are conditions for eligibility for protection:

- The policy must be whole life, endowment, universal life or term insurance.
- The policy must have been in force on a premium-paying basis for at least six months at the time the Servicemember applies for benefits and prior to the date of the insured's entry into military service.
- Benefits from the policy cannot be limited, reduced or excluded because of military service. Policies for which an additional amount of premium is charged due to military service are not eligible for protection under SCRA.

**The servicemember must apply for protection of their life insurance by filing VA Form 29-380 "Application For Protection Of Commercial Life Insurance Policy" with his/her insurance company and forwarding a copy of the application to VA.**



## Benefits Of SCRA Life Insurance Protection

Once the Servicemember has applied for protection of their life insurance policy and VA determines that the policy is eligible for protection under SCRA:

- The Servicemember is still responsible for making premium payments. However, the policy will not lapse, terminate, or be forfeited because of the Servicemember's failure to make premium payments or to pay any indebtedness or interest due during their period of military service or for a period of two years thereafter.
- The right of the Servicemember to change their beneficiary designation or select an optional settlement for a beneficiary is not affected by the provisions of this Act.

## Limitations Of SCRA Life Insurance Protection

Once the Servicemember has applied for protection of their life insurance policy and VA determines that the policy is eligible for protection under SCRA:

- Premium payments are only deferred, not waived. **During this period, the government does not pay the premiums on the policy but simply guarantees that the premiums will be paid at the end of the Servicemember's period of active duty.**
- A Servicemember cannot receive dividends, take out a loan, or surrender the policy for cash without the approval of VA. (Dividends or other monetary benefits shall be added to the value of the policy and will be used as a credit when final settlement is made with the insurer.)
- If the policy matures as a result of the insured's death, or any other means, during the protected period, the insurance company will deduct any unpaid premiums and interest due from the settlement amount.

## Termination Of Period Under SCRA

The Servicemember has up to two years after their military service terminates to repay the unpaid premiums and interest to the insurer. If the amount owed is not paid before the end of the two years, then:

- the insurer treats the unpaid premiums as a loan against the policy.
- the government will pay the insurer the difference between the amount due and the cash surrender value (if the cash surrender value of the policy is less than the amount owed.)
- the amount the United States government pays to the insurance company under the SCRA Act, becomes a debt due the government by the insured.
- If the policy matures as a result of the insured's death, or any other means, during the protected period, the insurance company will deduct any unpaid premiums and interest due from the settlement amount.

**QUESTIONS?**

**Call OSGLI Toll Free: 1-800-419-1473**

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# ***Administered Program Policy Provisions***

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For policies directly **administered** by VA:  
USGLI, NSLI, VSLI, VRI, S-DVI  
(For information about the VMLI program,  
please see pages 27-29.)

For information about policies **supervised** by  
VA (SGLI and VGLI), please see pages 30-48  
and page 87.

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# Plans of Insurance

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Some of the features of the different insurance plans are described below:

## 5-Year Level Premium Term

- Available on all programs except "J," "JR," "JS"
- Provides low cost protection at younger ages but premiums increase substantially at the older ages
- Renewable every five years
- May be converted to a permanent plan
- Provides protection only and has no cash or loan values\*
- When premiums are not paid, the protection stops\*

\* Effective September 11, 2000, "capped" NSLI and VSLI term policies receive a termination dividend that protects against the lapse of the policy. For more information see page 17 for NSLI policies and page 19 for VSLI policies.

## Modified Life At Age 65

- Available on all programs except "K"
- Can only be purchased before the insured attains insurance age 61
- Affords a permanent plan of insurance at a premium that is lower than the Ordinary Life Plan premium
- Provides an automatic reduction by ½ of the face amount of the insurance on the day before the insured's 65th birthday. (The premium remains the same. The decreased amount of insurance may, without medical examination, be replaced with an Ordinary Life policy at an additional premium by making application no later than the day before the insured's 65th birthday.)

## Modified Life At Age 70

- Available on all programs except "K"
- Has the same provisions as the Modified Life at Age 65 plan, except that reduction happens on the day before the insured's 70th birthday
- Conversion to this plan can be made through insurance age 69

## Ordinary Life ("Whole Life")

- Available on all programs
- Premiums remain constant
- Premiums are payable for the lifetime of the insured

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## 30-Payment Life

- Available on all programs
- Premiums are slightly higher than on Ordinary Life
- Premiums are payable for 30 years from the effective date of the policy

## 20-Payment Life

- Available on all programs
- Premiums are higher than on 30-Payment Life
- Premiums are payable for 20 years

## 20-Year Endowment

- Available on all programs
- Premiums are payable for 20 years from the effective date of the policy
- Provides for payment of the face amount of the policy (less any indebtedness) to the policyholder at the end of the 20 years
- Policy proceeds paid in lump sum or on an installment basis

## Endowment At Age 60

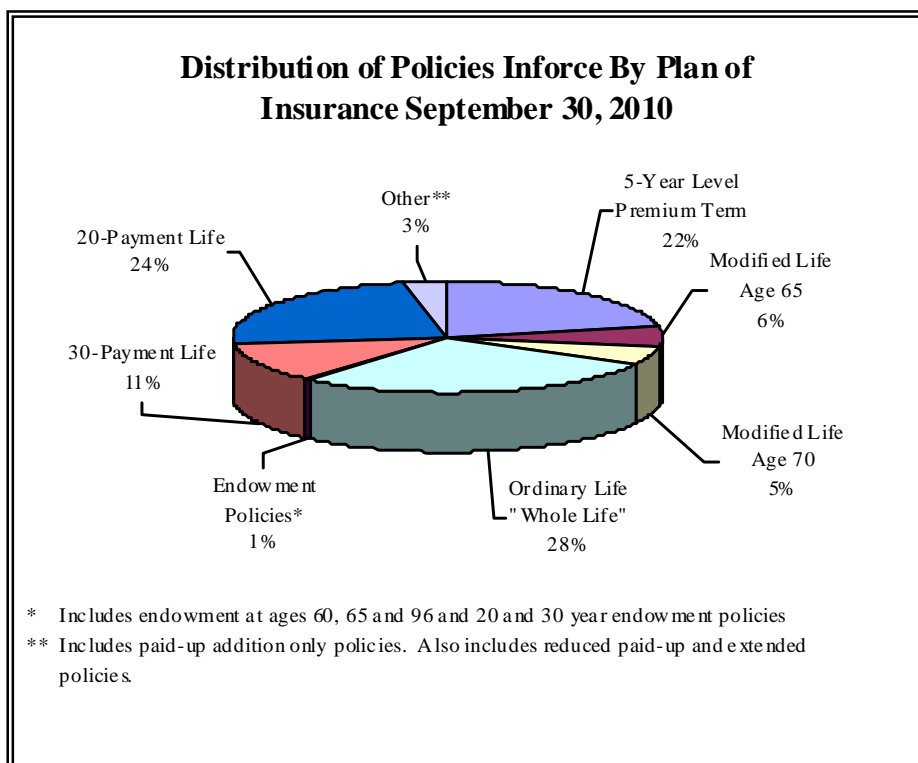
- Available on all programs except "K"
- Provides for the payment of the face amount (less any indebtedness) on the anniversary date nearest the insured's 60th birthday

## Endowment At Age 65

Same as Endowment at Age 60 except proceeds payable on the anniversary date nearest the insured's 65th birthday

## Endowment At Age 96

- Available to "K" policyholders, age 65 or older, who were still carrying insurance under the term plan
- Regular endowment plan maturing at age 96 with a level premium from the date of issue
- Does not provide permanent and total disability benefits, or waiver of premium
- Provides a waiver of premiums provision to be purchased for an additional premium at the time the insurance was exchanged



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## **Cost of NSLI “V” Term Insurance For Older Policyholders**

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The high cost of term insurance for older Veterans has long been a concern of the Insurance Program. Many World War II Veterans chose to retain the NSLI term coverage they obtained while in service, but unfortunately failed to convert it to a permanent plan of insurance. Term insurance becomes very expensive at older ages. As of September 2010, there are approximately 153,000 NSLI Veterans who have term policies.

### **The “Capping” of VA Term Policies**

In 1984, a VA regulation was approved which “capped” premiums on NSLI term policies at the age 70 rate.

- When the insured Veteran renews at age 70 or older, the capped rate of \$61.80 per month for \$10,000 of insurance goes into effect.
- This rate will remain level for the remaining lifetime of the policy.

### **Dividends on VA Term Policies With “Capped” Premiums**

One consequence of “capping” premiums on term policies is a reduction in dividends that a policyholder receives. Dividends are a refund of excess premiums paid that are not needed to pay for the costs of death claims. Since term policyholders over the age of 70 had their premiums reduced as a result of the “capping”, fewer premiums are received. For this reason, a reduction had to be made to dividends paid on term policies that have had their premiums capped. This reduction was made in order to offset the loss of premium income to the NSLI trust fund. However, it should be noted that term policyholders are better off after premium “capping” than before premium “capping.” The premium savings realized as a result of the premium “capping” at the age 70 rate is greater than the amount by which dividends are reduced.

### **Long-term Cost of Term Policies**

NSLI term policies have been in effect for more than 50 years.

- The total amount of premiums paid, or net premiums paid (premiums minus dividends), very often exceeds the face amount of insurance, which is not unusual for term insurance.
- It should be noted, however, that in return for their premiums, those insureds received many years of insurance protection.

## The Importance of “Net” Payment Cost of Insurance

When looking at the cost of a term policy, the following should be kept in mind:

1. the premiums paid on the policy
2. the dividends received on the policy

The “net” payment on the policy is the premiums paid on the policy minus the dividends received on the policy.

Consider the following typical NSLI term policy:

Veteran's Age	Amount of Insurance	Number of Years Policy is in Effect	Total Premiums Paid on Policy	Total Dividends Received on Policy	“Net” Payments on Policy
83	\$10,000	62 years	\$18,500	\$9,000	\$9,500

The resulting “net” payment on this policy (premiums minus dividends) is \$9,500. This policyholder received 62 years of insurance protection for a net cost of \$9,500, an average of \$153 per year.

## Excess Revenues Returned as Dividends

**VA does not make any profit on NSLI.**

- The law specifies that NSLI be operated as a Trust Fund. Its revenues are used exclusively for the benefit of its policyholders and may not be used for any other government program.
- Any excess revenues resulting from favorable experience are returned to NSLI policyholders in the form of dividends.

## The Cost of Declaring All NSLI Term Policies “Paid-up”

The VA Insurance Service has examined the option of declaring all NSLI term policies “paid-up”. In other words, policyholders would no longer have to pay premiums. However:

- the federal outlay which would be required to accomplish this is approximately **\$473 million**. There are currently about **153,000** NSLI term policyholders.
- since the NSLI program is, by law, self-supporting, it appears unlikely that these policies will be declared paid-up, in light of the large cost involved.

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## VA Regulation Provides Paid-Up Insurance on Capped VA Term Policies

In 2000, the Department of Veterans Affairs put into effect a regulation to provide paid-up insurance on capped term policies. Under the regulation, Veterans who have NSLI capped term insurance (renewal age 71 or older) and decide to stop paying premiums on their policies are given a termination dividend that is used to purchase a reduced amount of paid-up insurance.

- This paid-up insurance insures the Veteran for life and no premium payments are required.
- The amount of insurance remains level.
- The amount of paid-up insurance depends on the age of the Veteran at the time he stops paying his term premiums. A Veteran age 80 with \$10,000 of insurance would receive about \$4,500 of paid-up life insurance. (See table below.)
- This paid-up insurance has cash values, which increase each month.
- This paid-up insurance continues to pay dividends.
- The insured can cash surrender these paid-up additions at any time.

The following table illustrates the termination dividend and amount of PUA that the termination dividend can purchase at various attained ages for such an insured.

Insured's age at policy lapse	Basic insurance amount at policy lapse	Termination dividend at date of lapse*	Amount of PUA purchased with the termination dividend*
72	\$10,000	\$367	\$602
75	10,000	1,494	2,284
80	10,000	3,212	4,452
85	10,000	4,786	6,109
90	10,000	6,249	7,421
95	10,000	8,887	9,331

*\*All figures are rounded to whole dollars.*

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# Payment of Premiums

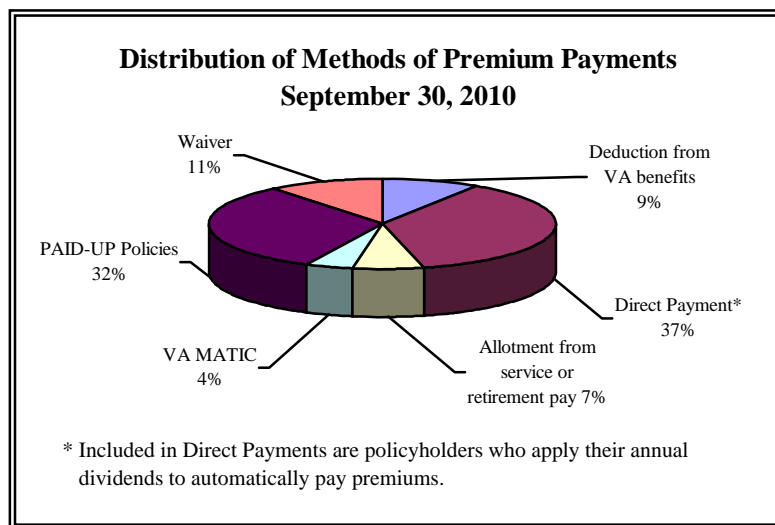
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## Methods Of Payment

An insured has several options for paying premiums:

- Direct payment (a check or money order payable to the Department of Veterans Affairs)
- Allotment from military retirement pay
- Deduction from VA benefits (if they are receiving VA pension or compensation)
- Deduction from the insured's checking account (VA MATIC)
  - \* Paying premiums by allotment, deduction or VA MATIC protects against lapse. These options also save premium payment costs such as checks or money orders and postage.
- Applying annual dividends to automatically pay premiums.
  - \* Insureds who apply their dividends to pay premiums also receive the same lapse protection and payment savings, provided their dividend is sufficient to pay the full annual premium. If it is not, the insured is billed for the difference.



## Other Payment Options Available

An insured may provide for advance premium payments to be made quarterly, semiannually, annually, or as far in advance as the insured wishes. Insureds who pay premiums in advance benefit from:

- a premium discount
- a reduction of the insured's risk of lapse due to non-payment of premiums, and
- a savings in premium payment costs.

## Premium Due Dates

Premiums are due the same day of the month as the day the policy became effective as shown on the insurance policy (called the "anniversary date"). If the policy was effective on the first day of the month, premiums are due on the first day of the month. For any month not having a date corresponding to the effective date of a policy (i.e., 29th, 30th, or 31st), the due date is always the last day of the month.

## Grace Period

Insureds are allowed 31 days after the due date to pay any premium except the first one. If the insurance becomes a claim (insured dies) during the grace period, the unpaid premium will be deducted from the amount payable to the beneficiary.

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# Waiver of Premiums

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## Waiver Of Premiums

A *waiver of premiums* provision is included, at no extra cost, on the following policies:

- NSLI
- USGLI (except endowment at age 96)
- VSLI
- VRI
- S-DVI policies (except supplemental S-DVI coverage)

Currently, there are 107,735 Veterans whose premiums are being waived (11 percent of all policyholders.)

## Eligibility For Waiver Of Premiums

To qualify for a waiver of premiums:

- The insured must be totally disabled; this means they have a mental or physical disability that prevents them from engaging in substantially gainful employment.
- The total disability must begin **before** the insured's 65<sup>th</sup> birthday, and must continue for at least six consecutive months.
- The total disability may not begin prior to the effective date of the policy. (Exception: waiver may be granted if total disability commenced prior to the effective date only on S-DVI policies, **provided** the total disability is due to a service-connected disability.)

## Application For Waiver Of Premiums

To apply for a waiver of premiums an insured should:

- File VA Form 29-357, *Claim for Disability Insurance Benefits*. (However, any communication that shows intent to apply for the benefit, either expressed or implied, will be accepted as an informal claim.)
- Although total disability must begin before 65<sup>th</sup> birthday, the application for waiver can be made at any age, but you should file promptly because in most cases, premiums can only be waived up to one-year prior to receipt of a claim.
- The only instance when premiums can be waived beyond one year is if the evidence shows circumstances beyond the insured's control prevented the filing of a timely claim. This usually means a mental disability.

Once waiver is granted, it is subject to review at regular intervals. The waiver can be terminated at any time if the insured returns to gainful employment, recovers from his or her disability, or fails to cooperate in the review procedure.

For more detailed information, see VA pamphlet 29-14 (revised January 1979), *Information About Waiver Of Premiums And Total Disability Income Provision*.

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# Dividend Options

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The amount of dividend paid to a Veteran depends on the age of the Veteran, the type of insurance, and the length of time the policy has been in force. Dividends are paid on the following programs:

- United States Government Life Insurance (“K”)
- National Service Life Insurance (“V”)
- Veterans’ Special Life Insurance (“RS” and “W”)
- Veterans’ Reopened Insurance (“J,” “JR” and “JS”)

## Dividend Options Available

A policyholder may choose from several dividend options that are available:

- **Cash:** Paid to policyholder by U.S. Treasury check or directly deposited into the policyholder’s bank account.
- **Credit:** Held in an account for the insured with interest
  - Can be used to prevent policy lapse
  - Will be refunded upon the insured’s request
  - Will be included in the award to the beneficiary(ies) at the time of the insured’s death
- **Deposit:** Held in an account for insured with interest
  - Available only on permanent plan policies
  - Can be used, with the net cash value, to purchase reduced paid-up insurance, or extended insurance if the policy lapses - *except* for “K” or “JS” policies (see page 62 for more information about reduced paid-up and extended insurance)
  - Will be refunded upon the insured’s request
  - Will be included in the award to the beneficiary(ies) at the time of the insured’s death
- **Premium:** Applied to pay premiums in advance

### Dividend Credit and Deposit Interest Rates

<u>Program</u>	<u>2011</u>
USGLI (K)	4.25%
NSLI (V)	4.75%
VSLI (RS & W)	5.50%
VRI (J, JR, JS)	5.00%

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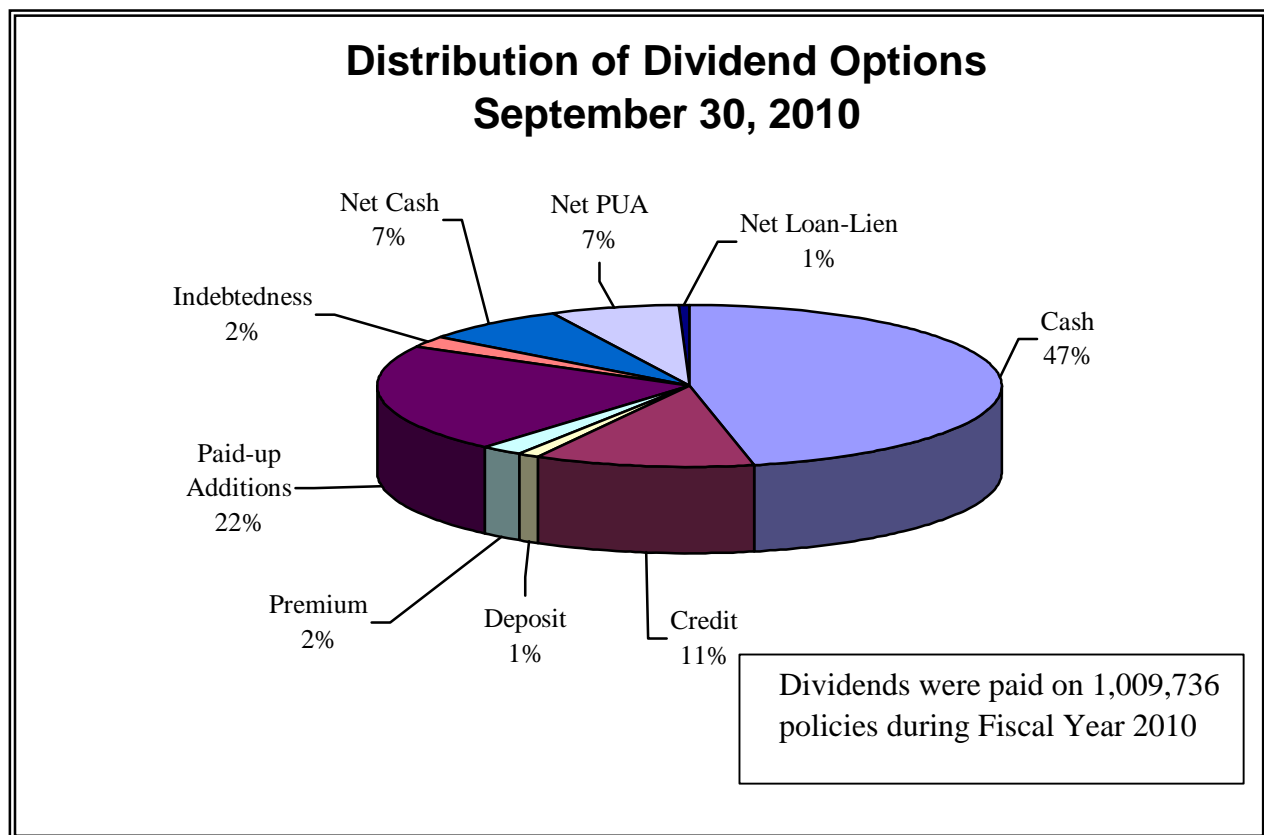
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- **Paid-up Additions (PUA'S):** Used as a net single premium to purchase additional paid-up insurance
  - Available only on “V,” “RS,” “W,” “J,” “JR” and “JS” policies
  - Will be whole life if the basic insurance is a term or whole life policy
  - Will be endowment if the basic insurance is an endowment policy

As of September 30, 2010, 294,590 Veterans have policies with paid-up additions totaling \$5,792,905,471.

- **Indebtedness:** Applied toward a loan or lien on a policy
- **Net Cash:** Used to pay an annual premium with any remainder paid to the policyholder under the cash option
- **Net PUA:** Used to pay an annual premium with any remainder used to purchase paid-up additional insurance
- **Net Loan-Lien:** Used to pay an annual premium with any remainder used to reduce an outstanding loan or lien



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ESTIMATED DISTRIBUTION OF 2011 DIVIDENDS BY STATE OF RESIDENCE										
	USGLI		NSLI		VSLI		VRI		TOTAL	
	NO. OF INSURED S	AMOUNT OF DIVIDENDS*	NO. OF INSURED S	AMOUNT OF DIVIDENDS*	NO. OF INSURED S	AMOUNT OF DIVIDENDS*	NO. OF INSURED S	AMOUNT OF DIVIDENDS*	NO. OF INSURED S	AMOUNT OF DIVIDENDS*
Alabama	47	\$4	7,962	\$2,333	1,560	\$594	297	\$63	9,866	\$2,994
Alaska	3	0	742	231	138	63	21	4	904	298
Arizona	97	14	14,886	4,208	3,066	1,140	542	123	18,591	5,485
Arkansas	46	5	5,013	1,414	990	367	189	41	6,238	1,827
California	748	94	65,317	19,029	13,395	5,191	1,972	432	81,432	24,746
Colorado	59	9	10,702	3,069	2,106	811	304	69	13,171	3,958
Connecticut	35	4	10,989	2,876	2,744	1,059	614	135	14,382	4,074
Delaware	8	1	2,229	588	533	185	83	19	2,853	793
D. of Columbia	12	1	1,058	322	229	94	33	6	1,332	423
Florida	335	40	57,238	16,418	12,799	4,883	2,762	593	73,134	21,934
Georgia	63	7	13,450	3,881	2,979	1,136	465	101	16,957	5,125
Hawaii	18	3	4,571	1,730	1,531	664	196	37	6,316	2,434
Idaho	22	2	3,151	849	589	232	120	26	3,882	1,109
Illinois	80	8	25,528	7,006	8,250	3,250	694	164	34,552	10,428
Indiana	37	3	9,720	2,585	2,560	954	270	61	12,587	3,603
Iowa	47	5	7,755	2,220	1,926	814	240	57	9,968	3,096
Kansas	32	3	6,322	1,748	1,368	537	181	44	7,903	2,332
Kentucky	29	4	6,013	1,679	1,347	503	227	52	7,616	2,238
Louisiana	32	4	6,426	1,855	1,530	616	272	63	8,260	2,538
Maine	10	2	3,501	916	834	294	149	32	4,494	1,244
Maryland	73	12	13,099	3,911	2,707	1,060	469	105	16,348	5,088
Massachusetts	67	8	18,445	4,485	4,969	1,804	1,490	316	24,971	6,613
Michigan	64	5	19,130	4,749	5,188	1,862	666	139	25,048	6,755
Minnesota	52	5	14,995	3,859	3,307	1,216	630	127	18,984	5,207
Mississippi	15	2	4,142	1,208	759	286	139	36	5,055	1,532
Missouri	57	6	12,569	3,340	3,093	1,154	406	90	16,125	4,590
Montana	5	1	2,690	742	531	212	67	15	3,293	970
Nebraska	26	2	4,640	1,279	1,031	439	219	54	5,916	1,774
Nevada	34	4	4,399	1,189	1,021	358	165	37	5,619	1,588
New Hampshire	14	2	3,652	975	925	330	138	29	4,729	1,336
New Jersey	68	8	21,189	5,667	7,159	2,702	1,526	341	29,942	8,718
New Mexico	23	4	4,246	1,247	840	320	140	31	5,249	1,602
New York	82	7	40,008	10,829	12,345	4,707	2,881	624	55,316	16,167
North Carolina	96	11	14,912	4,357	3,547	1,429	556	127	19,111	5,924
North Dakota	7	1	1,660	433	405	151	82	17	2,154	602
Ohio	63	5	24,881	6,505	5,757	2,117	1,073	235	31,774	8,862
Oklahoma	35	4	6,502	1,813	1,122	425	233	49	7,892	2,291
Oregon	92	11	8,730	2,423	1,639	598	247	54	10,708	3,086
Pennsylvania	86	7	36,246	9,196	9,156	3,244	1,818	381	47,306	12,828
Rhode Island	13	1	3,009	716	712	252	206	41	3,940	1,010
South Carolina	61	7	8,484	2,424	2,025	759	246	54	10,816	3,244
South Dakota	8	1	2,065	554	549	222	93	21	2,715	798
Tennessee	58	5	9,113	2,578	2,119	807	349	81	11,639	3,471
Texas	199	32	34,962	10,223	6,644	2,549	966	219	42,771	13,023
Utah	29	5	4,621	1,201	950	339	180	38	5,780	1,583
Vermont	5	1	1,551	429	411	151	39	9	2,006	590
Virginia	159	22	17,574	5,406	3,272	1,256	490	107	21,495	6,791
Washington	196	25	15,081	4,204	2,515	927	432	95	18,224	5,251
West Virginia	15	2	2,961	819	860	318	150	31	3,986	1,170
Wisconsin	54	4	14,755	3,954	3,718	1,397	601	128	19,128	5,483
Wyoming	4	1	1,170	329	247	101	36	8	1,457	439
U.S. Possess.	2	0	952	301	175	68	147	32	1,276	401
Canada	3	0	433	133	101	40	9	1	546	174
Philippines	0	0	67	17	7	2	3	1	77	20
Foreign	5	1	1,003	348	251	111	27	5	1,286	465
<b>TOTAL</b>	<b>3,530</b>	<b>\$425</b>	<b>636,509</b>	<b>\$176,800</b>	<b>150,531</b>	<b>\$57,100</b>	<b>26,550</b>	<b>\$5,800</b>	<b>817,120</b>	<b>\$240,125</b>

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\* *AMOUNT OF DIVIDENDS is in thousands of dollars*

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# Guaranteed Values

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An important feature of permanent plan policies is that the premiums the policyholder pays build up a reserve (cash) value. This provides the policyholder with extra protection and more financial flexibility. Permanent plan policies have the following guaranteed values:



- **Cash Value**

The cash value is the reserve plus any dividends held on deposit less any indebtedness. If a policyholder is considering surrendering their policy for its cash value, they should *first* consider the alternative of taking a policy loan, since policies that are surrendered for cash *cannot* be reinstated.

After premiums have been paid or waived for at least one year, the policyholder may apply for the cash value by submitting a completed VA Form 29-1546, *Application for Cash Surrender Value or Policy Loan*, or by applying for a loan via the VA insurance website, or by submitting a written request stating the insured's wish to surrender the policy for the cash value.

- **Loan Value**

Policy loans may be granted up to 94 percent of the reserve value, less any indebtedness. We suggest applying for a policy loan rather than the cash surrender value if a policyholder needs cash and the policy is not lapsed. After premiums have been paid or waived for at least one year, the policyholder may apply for a loan by submitting VA Form 29-1546, *Application for Cash Surrender Value or Policy Loan*, or by applying for a loan via the VA insurance website, or by submitting a written request for a policy loan, specifying the amount desired. (See pages 63-64 for loan rates and how to apply for a loan.)

- **Extended Insurance**

A permanent plan policy that lapses after being in force for at least three months will automatically be extended as term insurance. Under this insurance the policyholder will be protected for a limited period of time as determined by the amount of the net cash value of the policy. The amount of the extended insurance will be the face amount of the policy less any indebtedness.

- **Reduced Paid-Up Insurance**

A policyholder may use the net cash value (cash value minus any indebtedness) to buy a reduced amount of paid-up insurance if the policy is not lapsed. This insurance will remain in force for the life of the policyholder, or to the end of the endowment period. No further premium payments are required. The cash value continues to increase and dividends continue to be earned. The policyholder may cash surrender the paid-up insurance for less than the face value of the policy, depending on the length of time the policy has been in effect. The policyholder can also obtain a loan on the policy at any time.

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# Policy Loans

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Policy loans are available on permanent plans of insurance.

- The policyholder can take **up to 94%** of the reserve (cash) value of their policy less any indebtedness.
- The policy cannot be lapsed, and premiums must be paid or waived at least one year before a policy has loan value.



## Loan Interest Rates

- As of November 2, 1987, all new policy loans have a variable interest rate with a **minimum** rate of 5% and a **maximum** rate of 12%.
- Rate changes are tied to the “ten-year constant maturities”, a U.S. Treasury securities index.
- Each year the U.S. Treasury securities index is reviewed. If required, because of a change in the index, loan rates are adjusted effective October 1.

**The current loan interest rate for adjustable rate loans is 5% (until at least September 30, 2011).**

Interest Rates on NSLI Policy Loans*	
Prior to Jan. 11, 1971	4%
Jan. 11, 1971 - Jul. 28, 1981	5%
Jul. 29, 1981 - Nov. 1, 1987	11%
Nov. 2, 1987 - Sept. 30, 1992	8%
Oct. 1, 1992 - Sept. 30, 1993	7%
Oct. 1, 1993 - Sept. 30, 1995	5%
Oct. 1, 1995 - Sept. 30, 1998	6%
Oct. 1, 1998 - Sept. 30, 2000	5%
Oct. 1, 2000 - Sept. 30, 2001	6%
<b>Oct. 1, 2001 - Sept. 30, 2011</b>	<b>5%</b>

**\*Interest on USGLI ("K" prefix) loans is fixed, by law, at 5%.**

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## Applying For a Policy Loan

A policyholder can now apply for a loan through two methods:

- Filing VA Form 29-1546, *Application for Policy Loan*. This application can either be **faxed toll-free** to 1-888-748-5828 or **mailed** to:

Department of Veterans Affairs  
Regional Office and Insurance Center  
P.O. Box 7327  
Philadelphia, Pennsylvania 19101

- Policyholders can also apply for a policy loan by going to the VA insurance website at [www.insurance.va.gov](http://www.insurance.va.gov) and following the link to “Online Policy Access.” The insured must have applied for, and received, a VA-issued PIN. Once they have received their PIN, they must also select a personal password to access the policy loan request page. See page 85 for more information on “On-line Policy Access.”

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# Conversions

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## Advantages Of Converting To A Permanent Plan

Term insurance is attractive at young ages because it gives low-cost financial protection. However, at the older ages it becomes very expensive, making the premiums difficult to pay. Policyholders who think they will want insurance protection at the older ages, should consider converting to a permanent plan of insurance at as young an age as possible. Although the premium rates are initially higher than for term policies issued at the same ages, permanent plan premiums stay the same throughout the life of the policy.

Policyholders who are considering converting to a permanent plan should consider the following:

- Their present and future needs for life insurance
- Their ability to pay present or future premiums
- The earlier they convert to a permanent plan, the lower the premium will be

(Permanent plans that are available for conversion from a term plan are discussed on pages 52 and 53.)

The guaranteed conversion of a term policy to a permanent plan policy is an important feature for policyholders, especially for those policyholders who have health problems. A policyholder can convert from a term policy to a permanent plan policy without providing evidence of good health.

## Application For Conversion

A policyholder can apply for conversion by submitting VA Form 29-0152, *Application for Conversion*, or a written request for conversion specifying the plan desired and the amount of insurance to be converted.

If the term policy is lapsed but eligible for reinstatement, the policyholder must apply for reinstatement and meet health requirements. The applications for reinstatement and conversion should be submitted at the same time.

Term insurance may be converted to permanent plan insurance in multiples of \$500 but not less than \$1,000. A policyholder can convert either a portion of their term coverage or the total amount.

## Payment Of Premiums

If the policyholder pays by **check**, at least one monthly premium for the new plan should accompany the conversion application.

If premiums are paid by **deduction** from VA benefits, **allotment** from retired pay, or by **deduction** from the insured's checking account (VA MATIC), VA will take care of any change in deduction or allotment that is needed. If the new premium exceeds the amount available by deduction or allotment, future premiums must be paid by check or other remittance.

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# Paid-Up Additional Insurance

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## Availability Of Paid-Up Additional Insurance (Paid-Up Additions)

Since July 1, 1972, policyholders with participating policies can apply their annual dividends to purchase paid-up additional insurance (PUA). Paid-up additions are available on the following programs:

- National Service Life Insurance (“V”)
- Veterans’ Special Life Insurance (“RS” and “W”)
- Veterans’ Reopened Insurance (“J,” “JR” and “JS”)

Annual Insurance Policy Statements are mailed to policyholders each year on the anniversary date of their policy. In addition to policy information, the annual statement reflects any new paid-up additions credited to the policyholder's account. (See page 68 for more information on the Annual Insurance Policy Statement.)

## Paid-Up Additional Insurance: A Way Of Increasing Coverage

Purchasing paid-up additions is the only way policyholders can increase their coverage (except for supplemental S-DVI). It is therefore, a very popular dividend option. Approximately 295,000 Veterans have policies with paid-up additions, representing \$5.8 billion of extra coverage.

Paid-up additions have cash and loan values, and earn dividends that automatically purchase more paid-up coverage.

## How PUA Works

If an insured chooses this option, his or her annual dividend is automatically applied as a single premium to purchase an amount of paid-up insurance. The amount of paid-up insurance is determined by:

- the age of the policyholder, *and*
- the plan of basic insurance in force, *and*
- the amount of the dividend.

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The following table illustrates the amount of paid-up additional insurance that can be purchased using the same dividend amount but at different attained ages:

Attained Age	Dividend Amount	Amount of Whole Life PUA Purchased	
		“V”, “RS”, “W”, “J”	“JR”, JS”
70	\$300	\$517	\$477
75	\$300	\$459	\$434
80	\$300	\$416	\$399

The paid-up additional coverage purchased is of the same type as the basic coverage:

If the basic coverage is:	the PUA coverage purchased is:
endowment	paid-up endowment insurance which matures at the same time as the basic contract
all other plans (including term)	paid-up whole life insurance

The PUA dividend option is especially desirable for:

- **Disabled policyholders** who often cannot obtain commercial life insurance, or must pay high premiums for coverage. In many cases, this is the only means by which they can obtain additional life insurance.
- **Policyholders who do not need extra coverage but want to lower their premiums** by periodically reducing their basic insurance as new paid-up additions are purchased. (They keep the same amount of coverage but pay premiums on a smaller portion of that coverage.)
- **Term policyholders** whose premiums continue to rise as they become older. (They too can reduce their basic insurance and replace it with paid-up additions, thereby paying premiums on a smaller portion of coverage).

Since the PUA dividend option first became available in July 1972, an NSLI policyholder (now age 90) with a \$10,000 Ordinary Life policy issued in 1945 could have purchased \$60,787 of extra coverage.

## Changes In PUA Amounts And Cost

Because reserves on paid-up additions had earned higher interest rates, the following changes were made at no cost to the policyholders:

- In 1987, and again in 1990, the cost to purchase paid-up additions with annual dividends was lowered, i.e., more PUA could be purchased with the same amount of dividends. These decreases resulted in approximately a 25 percent reduction in the cost to purchase paid-up additions with annual dividends.
- Also, existing paid-up additions were automatically increased by approximately 25 percent (over \$770 million) overall. The increase for individual policies depended on the policyholder’s age and plan of insurance.

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# Annual Insurance Policy Statement

The Annual Insurance Policy Statement provides an insured with information about their VA insurance including:

- The type of policy and effective date of the policy
- Amount of insurance (Basic and Paid-Up Additions)
- Cash and loan values
- Outstanding indebtedness
- Premium information
- Dividend information
- Date of the latest beneficiary designation

An Annual Statement is mailed to the insured on the policy anniversary date of each policy.

THIS IS NOT A BILL			
 Department of Veterans Affairs		ANNUAL INSURANCE POLICY STATEMENT	
POLICYHOLDER	FILE NUMBER	POLICY NUMBER	MAILING DATE
JOHN Q VETERAN	F V 0000 00 00	V 0000 00 00	01/17/11
2011 POLICY INFORMATION			
PLAN	ORDINARY LIFE Basic \$10,000 Paid-Up Additions - Whole Life - \$39,836 Effective Date 1/21/59 TOTAL COVERAGE \$ 49,836		
CASH/LOAN VALUES	Values As Of 02-20-10 Basic Policy \$ 6,806.37 Paid Up Additions \$ 24,903.48 TOTAL NET CASH VALUE \$ 31,709.85 TOTAL NET LOAN VALUE \$ 29,807.26 The current estimated amount to be paid to survivors is shown below: Survivor Benefit \$ 49,836.00		
PREMIUMS	Basic	PREMIUM \$124.20	MODE Annual HOW PAID Direct
OTHER DATA			
A. LOANS/ LIENS	TYPE Loan	INTEREST RATE 5%	PRINCIPAL \$ 3,596.99 TOTAL PRINCIPAL \$ 3,596.99
B. DIVIDEND OPTION	Current option: NET PUA Your 2011 dividend of \$1,374.84 paid 1/17/11 was applied under the Net PUA option. A letter regarding payment of this dividend was sent under separate cover. INSURANCE DIVIDENDS ARE NOT SUBJECT TO FEDERAL INCOME TAX		
C.	We added new features to our web site, <a href="http://www.insurance.va.gov">www.insurance.va.gov</a> . You may now access your beneficiary designation and apply for a policy loan online. You may also access current information about your policy. Click on the link, "Online Policy Access". You may obtain the Personal Identification Number (PIN), which is needed to log on, at this web site. The PIN will be mailed to you.		
D.	The current interest rate for new loans, and existing variable rate loans is 5%. This rate will remain in effect until October 1st, when it is subject to change. To apply for a loan, send a request over your signature to: P.O. Box 7327, Philadelphia, PA 19101-7327.		
BENEFICIARY INFORMATION			
Your last beneficiary designation of record was made in 2010.			
If you have any questions, call 1-800-669-8477 or visit us at <a href="http://www.insurance.va.gov">www.insurance.va.gov</a>			
VA FORM 29-0258 JAN 1994			

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# Beneficiary and Option Designations

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## Beneficiary Selection

An insured may select any person, firm, corporation or other legal entity (including his or her estate) as beneficiary, either individually or as trustee. If no beneficiary survives the insured, payment is made to the insured's estate in one sum. The insured also has the right to select how the insurance proceeds will be paid to his or her beneficiary(ies).

## The Insured Has The Right To Name And Change A Beneficiary

The insured is the sole owner of his or her policy. This ownership means:

- The insured can at any time change his or her beneficiary(ies), without the knowledge or consent of the current beneficiary(ies).
- A state court order, property settlement, or divorce decree cannot compel an insured to name or change his or her beneficiary(ies).
- Ownership of the policy may not be transferred to any other person or entity, including a trust. *However, a trust may be designated as beneficiary.*
- A beneficiary change **cannot** be made by Last Will and Testament.
- A beneficiary designation should not contain language that restricts the insured's right to change the beneficiary, or remove the insured as owner of the insurance policy.

## Settlement Options Available For Payment Of Policy Proceeds

The insured has the right to select how the insurance proceeds will be paid to his or her beneficiaries. An option change **can** be made by Last Will and Testament. Most VA Forms contain a preprinted "Lump Sum" in the option block because most insureds choose this option. If the insured wants the beneficiary to receive monthly installments rather than a lump sum, the "Lump Sum" must be crossed off and replaced by the desired option (2, 3 or 4). The settlement options available for payment of policy benefits are:

<b>Option 1:</b>	Lump sum payment for the face amount of the policy less any indebtedness.
<b>Option 2:</b>	Equal monthly installments with interest over 36 to 240 months. (The insured selects the number of monthly installments in multiples of 12, such as 36, 48, 60, 72, etc.)
<b>Option 3:</b>	A monthly life income with 120 payments guaranteed (240 for USGLI policies).
<b>Option 4:</b>	Equal monthly installments are made until the face amount of the policy less any indebtedness is paid. If the principal beneficiary lives beyond this period, payments continue throughout their lifetime.

It should be noted that although payments under Option 3 may be higher than those under Option 4, if payments are being made under Option 3 and the principal beneficiary dies soon after the

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guaranteed payments are made, no further payments will be made to a contingent beneficiary, *even if* the full face amount of the policy less any indebtedness has not been paid. However, under option 4, payments would continue to the contingent beneficiary until the face amount of the policy has been paid.

## If A Beneficiary Dies Before Receiving The Insurance Proceeds

### General information:

If a beneficiary survives the insured but dies before he or she receives some or all of the proceeds, the following rules apply:

- If the proceeds were payable under an installment option, and the beneficiary dies before all of the guaranteed installments are paid, the present value of the unpaid installments is payable in one sum to the insured's estate (NSLI policies) or to the estate of the last surviving beneficiary (USGLI policies).
- If the proceeds are payable in a lump sum payment, the proceeds are paid to the beneficiary's estate. To allow the proceeds go to the contingent beneficiaries in a "common disaster" situation, rather than to the principal beneficiary's estate, the phrase "provided the principal beneficiary survives me for \_\_\_ days" may be added. Any number of days up to a maximum of 30 may be shown.

### Special circumstances involving children of a beneficiary:

If the insured designated more than one principal beneficiary or designated both principal and contingent beneficiaries, the share of a beneficiary who predeceases the insured will be paid to the surviving beneficiaries according to the pre-printed phrase on the application "or to the survivor(s)". ***If this automatic distribution is not desired, the insured can cross it out or designate that the share of a deceased beneficiary go to that beneficiary's "issue" (children). This is referred to as a "per stirpes" distribution.*** These situations are illustrated below:

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>Ann Jones</b> 123 Any Street Anywhere, USA 00000	000-00-0000	Daughter	1/2	LUMP SUM
<b>Bill Smith</b> 123 Any Street Anywhere, USA 00000	000-00-0000	Son	1/2	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				LUMP SUM
<b>CONTINGENT</b> (Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")				
None				
<b>OR TO SURVIVOR(S)</b>				LUMP SUM
5. REMARKS (Include any additional information which will clarify your intent regarding the payment of your insurance. Also, list the policy number of any other policy on which the beneficiary is not to be changed)				
In the event my children predecease me I would like their share to go to their children				

An insured designates his children, Ann and Bill as his beneficiaries, each getting 1/2 of the insurance benefits. Ann has one child and Bill has two children. If Ann dies *before* the insured and *before* Bill then

IF the insured crossed out the phrase "or to the survivor(s)" and wrote "the share of a deceased beneficiary go to his or her children", then

- Ann's child will get half of the insurance benefits
  - Bill will get half of the insurance benefits
- (this is the "***per stirpes***" distribution)

IF the insured ***DID NOT*** cross out the phrase "or to the survivor(s)" nor did he write "the share of a deceased beneficiary go to his or her children", then

- Bill will get all of the insurance benefits

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## Designation Of Beneficiary And Optional Settlement (Completing the Form)

It is important that the insured submit a properly completed and updated beneficiary and settlement option selection. If the insured is uncertain about his or her beneficiary and option designation, he or she can obtain the information from the Insurance Center in Philadelphia. The submission of a new designation, reflecting the insured's current intentions, will replace any prior designation for the same policy.

IMPORTANT - SEE INSTRUCTIONS ON REVERSE			OMB Approved No. 2900-0020 Respondent Burden: 10 minutes	
 <b>Department of Veterans Affairs</b>		<b>DESIGNATION OF BENEFICIARY GOVERNMENT LIFE INSURANCE</b>		
DO NOT WRITE IN SPACE BELOW - FOR VA USE				
ENTERED BY VA	DATE RECORDED	SIGNATURE OF VA INSURANCE OFFICIAL		
1A. NAME OF INSURED AND MAILING ADDRESS FOR INSURANCE PURPOSES (Type or print)				
<b>Mr. John Smith</b> <i>(First, middle, last name)</i> <b>123 Any Street</b> <i>(Number and street or rural route)</i> <b>Anywhere, U.S.A 00000</b> <i>(City or P.O., State and ZIP Code)</i>				
2A. INSURANCE FILE NUMBER		F <b>V 0000 00 00</b>		
2B. SOCIAL SECURITY NUMBER		<b>000 00 0000</b>		
3. DAYTIME TELEPHONE NUMBER <i>(Include Area Code)</i>		<b>(000) 000-0000</b>		
1B. IS THIS A CHANGE OF ADDRESS FOR YOUR INSURANCE <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				
<b>4. BENEFICIARY DESIGNATION</b>				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH <i>(Use fractions, such as 1/2, 2/3, or "all")</i>	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>Sally P. Smith</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Wife</b>	<b>ALL</b>	<b>LUMP SUM</b>
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <i>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</i>				
<b>Ann Jones</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Daughter</b>	<b>1/2</b>	<b>LUMP SUM</b>
<b>Bill Smith</b> <b>123 Any Street</b> <b>Anywhere, USA 00000</b>	<b>000-00-0000</b>	<b>Son</b>	<b>1/2</b>	<b>LUMP SUM</b>
<b>OR TO SURVIVOR(S)</b>				
5. REMARKS <i>(Include any additional information which will clarify your intent regarding the payment of your insurance. Also, list the policy number of any other policy on which the beneficiary is not to be changed)</i>				
I understand that this change cancels all prior beneficiary and option selections; and unless indicated in Item 5, Remarks, this change applies to all Government Life Insurance policies under the above file number.				
6. SIGNATURE OF INSURED <i>(Do not print)</i>		7. DATE		
<b>(Sign Here)</b>		<b>1/1/11</b>		
8. NAME AND ADDRESS OF WITNESS <i>(Type or print)</i>				
<b>Sally P. Smith, 123 Any Street, Anywhere, USA 00000</b>				
If you have any questions concerning designating a beneficiary, call us toll free at 1-800-669-8477.				
VA FORM 29-336 JAN 1999		SUPERSEDES VA FORM 29-336, OCT 1998, WHICH WILL NOT BE USED.		

**QUESTIONS?**

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The following factors should be kept in mind when completing a beneficiary and option selection form:

- One beneficiary designation applies to all policies unless otherwise specified. VA Form 29-336, *Designation of Beneficiary and Optional Settlement* (dated June 1982 or later) does not contain a separate block to list the insured's policy numbers. Unless otherwise specified in the remarks block on these forms, a designation applies to all policies.
- Most VA Forms 29-336 contain a preprinted "Lump Sum" as the option. If the insured wants the beneficiary to receive monthly installments rather than a lump sum, the "Lump Sum" must be crossed off and replaced by the desired option (2, 3 or 4). If option 2 is selected, the number of monthly installments should be shown. Payments under this option are 36 to 240, in multiples of 12.
- A beneficiary change *cannot* be made by Last Will and Testament. (*VA regulations do permit an **option selection** for government life insurance policies to be made by Will.*)
- Principal and contingent beneficiaries should be clearly differentiated on the form. Where the insured lists multiple principal or contingent beneficiaries, their shares should be clearly shown and should always add up to "1" (for example,  $\frac{1}{2} + \frac{1}{2}$ ).

Policyholders can now view an image of their most recent beneficiary designation online using the VA Insurance website. The insured must have applied for, and received, a VA issued PIN. Once they have received their PIN, they must also select a personal password to view their beneficiary designation. See page 85 for more information on "Online Policy Access."

## Typical INCORRECT Beneficiary Designations

The following are examples of beneficiary designations that may *delay* payment of the insurance proceeds because the designations are *unclear*:

- How did the insured intend for his children to share the proceeds in the following designation?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>Ann Jones</b> 123 Any Street Anywhere, USA 00000	000-00-0000	Daughter	ALL	LUMP SUM
<b>Bill Smith</b> 123 Any Street Anywhere, USA 00000	000-00-0000	Son	ALL	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>Sally P. Smith</b> 123 Any Street Anywhere, USA 00000	000-00-0000	Wife	ALL	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				

- If the insured wanted his children to share equally he should have written " $\frac{1}{2}$ " for each child in the SHARE TO EACH block.
- If the insured wanted Ann to be the principal beneficiary and Bill to be the contingent, then Bill's information should have been written in the contingent portion of the application.

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- Who did insured intend as the principal beneficiary to receive the insurance proceeds?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>Sam Jones, Administrator for my estate 123 Any Street Anywhere, USA 00000</b>	000-00-0000	Friend	ALL	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				

Did the insured intend the benefits go to his estate (with Sam Jones as the administrator for the estate) or to Sam Jones his friend (who just happens to be the administrator for the insured's estate)?

- If the proceeds were to go to his friend "Sam Jones" the insured should have written "Sam Jones" as the principal beneficiary.
- If the proceeds were to go to the insured's estate the insured should have written "My estate" as the principal beneficiary.

- VA cannot make a beneficiary use the benefits for any specific purpose designated by the insured.

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>James Jackson who will pay my funeral expenses 123 Any Street Anywhere, USA 00000</b>	000-00-0000	Friend	ALL	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				

VA cannot make James Jackson pay the insured's funeral expenses. If the intent of the insured is to pay his own funeral expenses a better designation would be:

- "Funeral Director" as one principal beneficiary with the share "funeral bill only" and
- "James Jackson" as a second principal beneficiary with the share "remainder".

- According to the following beneficiary designation, did the insured intend for the proceeds to go to his friend, Ann Smith, or does the insured want Ann Smith to hold the proceeds for his minor aged children until they are of age?

4. BENEFICIARY DESIGNATION				
A. SHOW FULL NAME AND ADDRESS OF EACH BENEFICIARY ENTERED IN THE PRINCIPAL AND CONTINGENT BENEFICIARY AREAS BELOW	B. BENEFICIARY'S SOCIAL SECURITY NO. (If known. See instruction No. 5 on reverse)	C. RELATIONSHIP TO INSURED	D. SHARE TO EACH (Use fractions, such as 1/2, 2/3, or "all")	E. OPTION FOR EACH
<b>PRINCIPAL</b>				
<b>Ann Smith, Guardian for my children 123 Any Street Anywhere, USA 00000</b>	000-00-0000	Friend	ALL	LUMP SUM
<b>OR TO SURVIVOR(S)</b>				
<b>CONTINGENT</b> <small>(Person(s) who get proceeds if all of the Principal Beneficiaries die before the insured. If none, write "none")</small>				
<b>NONE</b>				
<b>OR TO SURVIVOR(S)</b>				

If the insured intended for the proceeds to go to his children (including minors) a more clear designation would show:

- "My children" as the principal with "equal shares" written in the shares section.
- or
- Ann Smith, in trust for my children as the principal with "equal shares" written in the shares section.

Both these designations will ensure the proceeds are shared equally among ALL of the insured's existing children

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## Alternate Beneficiary Legislation

On December 16, 2003, the President signed a law that authorizes the Department of Veterans Affairs to pay National Service Life Insurance (NSLI) and United States Government Life Insurance (USGLI) to a contingent beneficiary or beneficiaries, when the principal beneficiary does not claim the insurance within two years of the date of the insured's death.

This means that:

- If the principal beneficiary, who has been named by the insured, does not claim the insurance within two years of the insured's death, then payment may be made as if that principal beneficiary had predeceased the insured.
- If there is a contingent beneficiary, or beneficiaries, who have been designated by the insured, the insurance may then be paid to the contingent beneficiary or beneficiaries.
- If neither the principal nor contingent beneficiary files a claim for the insurance within four years of the insured's death, VA is authorized to pay the insurance to another person who, in the judgment of the Secretary, is equitably entitled.
- Once payment is made in this manner, proceeds are not payable to any other individual.

## Insured's State Of Mind

The following rules apply when completing a beneficiary and option designation:

- **If it appears that the insured does not fully understand their actions or is not acting completely freely**, a statement from the witness or another party who is present will help VA to determine whether the designation is valid. The statement should be submitted to VA with the designation, and should list all pertinent details, including the insured's reason for making the beneficiary designation, if known. Mental illness, drugs or alcohol intoxication can cause lack of full understanding. Other factors such as duress or undue influence can result in the insured not acting freely in making the designation.
- **If an insured is incompetent**, his or her legal representative (guardian, conservator, etc.) may make a beneficiary designation on the insured's behalf with the authorization of a court order. If the designation can be made while the insured is lucid it should be done in the presence of a physician who should verify in writing that the insured had the capacity to understand the consequences of the action. Although the physician's statement is not required, it will help VA determine whether the designation is valid.

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- **An insured or claimant can sign by a mark (“X”) if:**
  - o the insured is unable to sign due to physical disability,
  - o the insured is of sound mind, AND
  - o the “X” is witnessed by two people not named on the designation.

### **!!! Important Facts !!!**

- ☒ **One Beneficiary Designation applies to all of your policies unless you specify otherwise.**
- ☒ **Make sure the distribution of shares equals 1 (e.g.  $\frac{1}{2} + \frac{1}{2}$ ).**
- ☒ **A beneficiary change cannot be made by Last Will and Testament, but a settlement option change can.**
- ☒ **NOBODY can order the insured to change their beneficiary, including State Courts or Divorce Orders.**

FOR MORE DETAILED INFORMATION, SEE VA PAMPHLET 29-77-3 (REVISED MAY 1990),  
*FACTS ABOUT BENEFICIARY AND OPTION DESIGNATIONS.*

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# Gratuitous S-DVI (Policies Prefixed by "ARH")

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## Eligibility Requirements For Gratuitous S-DVI

Gratuitous Service-Disabled Veterans' Insurance (S-DVI) is granted posthumously to Veterans who:

- Met the basic eligibility requirements for S-DVI (prefixed "RH"); and
- Did not apply for S-DVI because of a continued mental incompetence due to a service-connected disability; and
- Died before the appointment of a guardian or within two years of such appointment.

## Application For Gratuitous S-DVI Benefits

VA must receive an application for payment of Gratuitous S-DVI within two years from the date of the Veteran's death. However, if the person making the claim is mentally or legally incompetent at the time the right to apply for Gratuitous S-DVI expires, they may apply within one year after their incompetency ends.

## Payment Of Gratuitous S-DVI

Gratuitous S-DVI is granted in an amount that, together with any other United States Government Life Insurance or National Service Life Insurance in force, totals \$10,000. Gratuitous S-DVI is payable to the beneficiary only as a lump sum payment.

**Payment of Gratuitous S-DVI is made to the following beneficiaries in the order named:**

- 1) To the widow or widower of the insured, if living. If not,
- 2) To the child or children of the insured, if living, in equal shares. If not,
- 3) To the parent or parents of the insured, if living, in equal shares.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

# How To File Death Claims –Administered Programs

All death claims should be mailed *or* faxed to the Insurance Center in Philadelphia:

## Mailing Address:

**Department of Veterans Affairs  
Regional Office and Insurance Center  
P.O. Box 7208  
Philadelphia, Pennsylvania 19101**

**OR**

## Toll-free fax number:

**1-888-748-5822**

If the beneficiary is:	He or she must file:
a principal beneficiary	<ul style="list-style-type: none"> <li>photocopy of death certificate showing date and cause of death of insured</li> <li>Claim Form, VA Form 29-4125, <i>Claim for One Sum Payment</i><sup>1</sup></li> </ul>
a contingent beneficiary	<ul style="list-style-type: none"> <li>death certificates for the insured and principal beneficiary(ies)</li> <li>Claim Form, VA Form 29-4125, <i>Claim for One Sum Payment</i><sup>1</sup></li> </ul>
a representative of the estate	<ul style="list-style-type: none"> <li>death certificate(s)</li> <li>copies of letters testamentary, letters of administration, or a court order of distribution along with claims from the entitled parties<sup>2</sup></li> <li>claim form signed by the executor or administrator of the estate</li> </ul>
a minor or incompetent	<ul style="list-style-type: none"> <li>death certificate(s)</li> <li>a claim from the next of kin, personal representative (guardian, custodian, etc.) or logical person to receive payment for the minor or incompetent</li> <li>letters of guardianship, conservatorship, etc. (if any)</li> <li>address of minor or incompetent</li> </ul>
filing for VMLI benefits	<ul style="list-style-type: none"> <li>insured's death certificate</li> <li>a payoff statement from the Veteran's mortgage lender showing the outstanding mortgage balance owed as of the Veteran's death</li> </ul>

<sup>1</sup>If the beneficiary wants monthly payments, he or she should use Claim Form, VA Form 29-4125k for USGLI policies OR VA Form 29-4125a for NSLI policies, *Claim for Monthly Payments* instead of the claim forms mentioned above. If a lifetime income option (3 or 4) is selected the beneficiary's birth certificate (or other official proof of age) must be submitted.

<sup>2</sup>If these are not available, a statement that there will be no administration of the estate, and VA Form 29-541, *Certificate Showing Residence and Heirs of Deceased Veteran*, must be filed.

**QUESTIONS?**

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**Visit our Website:**

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**NOTE:**

- \* **Photocopies** of death certificates are acceptable.
- \* A letter claiming the proceeds and showing a mailing address for the check may be used instead of a VA Claim Form (29-4125, etc.). The claimant should be sure to show the insurance file number and to sign the letter.
- \* Payment cannot be made if it would cause the insurance to escheat to a State (this happens where there are no heirs to pay so the assets of the estate default to the State).

**The following factors should be kept in mind when filing a death claim:**

- Most death awards are authorized by the Insurance Center within 10 days of receipt of the documents needed for payment.
- An insured's Will can be used as evidence that he or she intended a lump sum payment, regardless of when it was executed. The Will does not have to specifically mention the insurance, nor must it be probated.
- Award checks can be directly deposited into a claimant's account. The claimant must provide their checking or savings deposit account number as well as their social security number. Claimants must also provide the name, address, phone number, and the routing transit number for their financial institution.
- A beneficiary may assign all or a portion of his or her share of the insurance to a restricted class of the insured's relatives.
- Any additional questions on filing a death claim please call **1-800-669-8477**.

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# How To File Death Claims –Supervised Programs

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All death claims should be mailed *or* faxed to the Office of Servicemembers' Group Life Insurance in Roseland:

Mailing Address:
<b>The Office of Servicemembers' Group Life Insurance 80 Livingston Avenue Roseland, New Jersey 07068-1733</b>

OR

Toll-free fax number:
<b>1-877-832-4943</b>

## SGLI

If the beneficiary is:	He or she must file:
a principal beneficiary	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i>
a secondary beneficiary	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i>
a representative of the estate	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i>
a minor or incompetent	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i>

### NOTE:

If the deceased died while on active duty or while a member of a Reserve or National Guard Unit, the Office of Servicemembers' Group Life Insurance will be furnished with proof of death by the Uniformed Service. In all other situations, the claimant must submit a certified copy of the Certificate of Death.

## VGLI

If the beneficiary is:	He or she must file:
a principal beneficiary	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i> • Certified copy of Death Certificate
a secondary beneficiary	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i> • Certified copy of Death Certificate
a representative of the estate	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i> • Certified copy of Death Certificate
a minor or incompetent	• Claim Form, SGLV Form 8283, <i>Claim for Death Benefits</i> • Certified copy of Death Certificate

Any additional questions on filing a death claim please call **1-800-419-1473**.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

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# ***How To Contact Us***

**V**

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## Phone & Fax Numbers, E-mail, and Mailing Addresses

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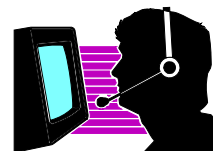
### Points of Contact for VA Administered Policies (USGLI, NSLI, VSLI, VRI, S-DVI, VMLI)

There are several ways for a policyholder to contact VA about their VA Life Insurance. Besides the old fashioned letter in a mailbox, policyholders can contact the Insurance Center through a toll-free number, by facsimile, by e-mail and through the world wide web.

#### By Phone

##### Insurance Toll Free Service - 1-800-669-8477

Customers calling the Insurance Toll Free Service can speak to an Insurance Specialist or use the Insurance Interactive Voice Response (IVR) System.



**Insurance Specialists** are available 8:30 AM to 6:00 PM (Eastern Time) Monday - Friday  
(*The best days to call are Wednesdays through Fridays*).

#### Insurance Interactive Voice Response (IVR) System

The Insurance IVR system allows customers using the toll-free telephone number to access their own insurance records 24 hours per day, 7 days per week. The Insurance IVR system provides four basic functions for callers:

1. **Informational letters and forms:** By making a touch-tone input, callers can have the following letters and forms mailed to them:

Forms/Applications	Informational Letters/Statements:
Beneficiary Designation	Premium status letter
Application for a loan or cash surrender	Dividend status letter
	Loan and cash values letter
	Annual policy statement

2. **Policy information:** Callers can hear detailed insurance policy information within three major categories:

- Dividends
- Loan and cash values
- General policy and premium information

3. **Voice mail:** During the hours when Insurance Specialists are not available, 6:00 PM to 8:30 AM (Eastern Time) on weekdays, and 24 hours per day on the weekends, callers

**QUESTIONS? Call us Toll Free: 1-800-669-8477**  
**Visit our Website: [www.insurance.va.gov](http://www.insurance.va.gov)**

can leave voice messages requesting information and service. An Insurance Specialist will respond to the messages by the next business day.

4. **Pre-recorded informational messages:** Callers also have the option to listen to pre-recorded information after hours and weekends concerning a variety of insurance topics.

## **By Fax**

### **Toll-Free Facsimile Service**

Philadelphia:      Death Claims:                      1-888-748-5822  
                         All other requests or questions:      1-888-748-5828



## **By Mail**

### **Mailing Addresses for VA Administered Policies (USGLI, NSLI, VSLI, VRI, S-DVI, VMLI)**

Department of Veterans Affairs  
Regional Office and Insurance Center  
P.O. Box (See Below For P.O. BOX NUMBER)  
Philadelphia, Pennsylvania 19101



For correspondence concerning:

- Death, waiver of premium or VMLI Claims, and S-DVI applications: **P.O. Box 7208**
- Loans and Cash Surrenders: **P.O. Box 7327**
- Premium and Loan/Lien Payments: **P.O. Box 7787**
- All Other Insurance Mail: **P.O. Box 42954**

## **By E- Mail**

### **Contact Us Link for VA Administered Policies (USGLI, NSLI, VSLI, VRI, S-DVI, VMLI)**

To contact us via the Internet, go to our website, **[www.insurance.va.gov](http://www.insurance.va.gov)**, and

**<https://insurance.va.gov/inForceGliSite/mypolicy/mypolicy.htm>**



**OR**

**[Vainsurance@va.gov](mailto:Vainsurance@va.gov)**

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

## Points of Contact for VA Supervised Policies (SGLI, VGLI)

If you are looking for information about the SGLI and VGLI programs and cannot find answers to your questions on the SGLI/VGLI portion of the Insurance website (see below) you can call, e-mail or write to the Office of Servicemembers' Group Life Insurance (OSGLI). OSGLI administers the SGLI and VGLI programs including the processing and payment of claims. OSGLI can be reached at:

<b>Toll-free telephone</b>	1-800-419-1473
<b>E-mail</b>	Death and Accelerated benefit claims: <a href="mailto:osgli.claims@prudential.com">osgli.claims@prudential.com</a> All other inquiries: <a href="mailto:osgli.osgli@prudential.com">osgli.osgli@prudential.com</a>
<b>Toll-free fax</b>	Death and accelerated benefits claims: 1-877-832-4943 All other fax inquiries: 1-800-236-6142
<b>General Correspondence</b>	The Office of Servicemembers' Group Life Insurance 80 Livingston Avenue Roseland, New Jersey 07068-1733
<b>New VGLI Applications and VGLI Reinstatements</b>	OSGLI PO Box 41618 Philadelphia, PA 19176-9913
<b>Non-toll-free telephone (To contact OSGLI from overseas)</b>	973-548-5699
<b>Non-toll-free fax (To contact OSGLI from overseas)</b>	973-548-5300
<b>Website</b>	<a href="http://www.insurance.va.gov/sgliSite/default.htm">http://www.insurance.va.gov/sgliSite/default.htm</a>

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

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# VA Insurance Information Available on the Internet

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Insurance information is available through the Internet at <http://www.insurance.va.gov/>

Through the VA insurance website, an insured can access *two* insurance sites from our home page:

- **The VA Insurance Website**      *and*
- **The SGLI & VGLI Website**



## Administered Program Website

The **VA Insurance Website** contains information about:

- ☐ National Service Life Insurance (NSLI, VSLI, VRI)
- ☐ Service-Disabled Veterans Insurance
- ☐ United States Government Life Insurance
- ☐ Veterans Mortgage Life Insurance

**On-line Policy Access** is available for all of these policies *except* VMLI (see “On-line Policy Access” below).

## **On-line Policy Access**

Insureds can access their insurance policy information online at our website by clicking on the link “On-line Policy Access”.

**To access VA administered policies (USGLI, NSLI, VSLI, VRI, S-DVI):**

- A Personal Identification Number (PIN) is necessary to access this information and can be requested at this website by clicking on the “PIN Request Link”. This link takes the insured to the “Government Life Insurance PIN Registration” webpage. The following information is required to receive a PIN number:
  - ☐ Insurance File number
  - ☐ Social Security number
  - ☐ Date Of Birth

Once the PIN number is received in the mail the insured will have access to information about their policy plan, values, premium status, dividends, loans, and beneficiary designation. Policyholders can also apply for a policy loan online. An additional password is required to access this feature.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

## **Apply for S-DVI Insurance Online**

Veterans can now apply for Service-Disabled Veterans' Insurance with the click of a button. The new AutoForm (Automated Form) application will walk the Veteran through the application step-by-step. The new application offers the following advantages:

**Ease of Use** - The step-by-step format and online help screens take the guesswork out of applying. The applicant can review different insurance plans and calculate premiums with the click of a mouse. We'll even help the Veteran determine if they are eligible for this insurance.

**Flexibility** – The application does not have to be completed all in one session. The application can be saved on our secure server until the applicant can get back to it.

**Convenience** - The application can be submitted electronically via our secure server. We begin working on it right away. The application can also be printed and mailed or faxed to us.

## **Life Insurance Needs Calculator**

This interactive website feature helps Veterans determine if they have enough life insurance to meet their family's needs. VA's Life Insurance Needs Calculator provides Veterans with an estimated amount of life insurance necessary to support their survivors. *The calculator is located in the SGLI/VGLI section of the VA website.*

By using the following information that the Veteran inputs:

- **current assets** (these include such things as investments, bank accounts, savings bonds, social security benefits, retirement funds, etc.)
- **net income survivors will need** (the annual income that will provide the standard of living desired for survivors minus the annual income available to survivors)
- **financial obligations** (these include such things as car loans, credit card debt, funeral/burial expenses, children's educational expenses, mortgages, etc.)

The calculator suggests the amount of life insurance the Veteran should have.

**Note:** VA's Life Insurance Needs Calculator does not include every financial situation that may affect a Veteran. The Calculator should be used as a guide only and is not a substitute for a financial planner. Financial information is not saved or transmitted to VA.

## **Veterans' Mortgage Life Insurance Premium Calculator**

This website feature allows the Veteran to determine the premium they would pay for VMLI coverage. By entering their current age, the remaining number of years left to make their mortgage payments and current mortgage balance this calculator will give an approximation of how much VMLI premiums will cost. The calculator is located under Insurance Resources – Tools on the VA Insurance website.

**Note:** This is only an estimate based on the information provided at that time. This information is constantly changing. Should the Veteran apply for VMLI coverage we would ask for documentation of the mortgage and calculate the premium exactly. If the Veteran already has VMLI coverage, the premium would be affected by the amount of insurance entitlement remaining.

**QUESTIONS?**

**Call us Toll Free:**

**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

## Supervised Program Website

The **SGLI & VGLI Website** contains information about:

- ☐ Servicemembers' Group Life Insurance
- ☐ Veterans' Group Life Insurance
- ☐ Family SGLI (FSGLI)
- ☐ Traumatic Injury Protection (TSGLI)
- ☐ Other SGLI/VGLI policy features

**On-line Policy Access** is available for VGLI policyholders (see “On-line Policy Access” below).

**Note:** *On-line Policy Access is not available for SGLI policyholders.*

### **On-line Policy Access**

Insureds can access their insurance policy information online at the SGLI & VGLI website by clicking on the link “On-Line Policy Access.”

#### **To access VA supervised policies (Veterans' Group Life Insurance):**

First time users must enter their Social Security Number, Last Name, and Control Number (which appears on their bill and other correspondence from OSGLI). After submitting this information they are then given the opportunity to create their own User ID and Password.

The **VGLI Online Account** feature allows insureds to view account status, pay premiums from credit card or checking account, update beneficiaries, change coverage amounts, and update contact information (e.g. change address).

### **Additional Policy Features**

The SGLI & VGLI Website also provides information on how to convert from SGLI to VGLI and how to apply for VGLI coverage. It also includes a Myths & Rumors section about SGLI/VGLI, a VGLI newsletter to keep customers informed of changes that may directly impact their policy, and beneficiaries can learn how to get financial counseling (at no charge).

### **VGLI Web Chat Feature**

VGLI Chat allows VGLI policyholders to interact real time with a Contact Center Associate online. In order to start a VGLI Chat session VGLI policyholders are required to sign in to their VGLI Online account and click Chat Now on the Contact Us page. Additional features of VGLI Chat include scheduling a call with a Contact Center Associate, information on premium options and premium reduction, as well as other account actions like paying a bill or updating beneficiaries.



**QUESTIONS?**

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**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**

## **Life Insurance Needs Calculator**

The Insurance Needs Calculator allows Veterans to enter their assets and expenses and provides an estimate of the amount of insurance coverage they should have. Unlike other commercial calculators, VA's Needs Calculator takes into account the special benefits that are only available to Servicemembers and Veterans. VA also provides a worksheet that allows Veterans to compare VGLI coverage with commercial plans, and a list of common insurance industry terms to help evaluate different types of plans.

**Note:** VA's Life Insurance Needs Calculator does not include every financial situation that may affect a Veteran. The Calculator should be used as a guide only and is not a substitute for a financial planner. Financial information is not saved or transmitted to VA.

## **Online Insurance Training**

New to the website are training modules on several topics. Training is now available for Casualty Officers working with SGLI beneficiaries to assist them with filing SGLI claims. There is also a TSGLI Training Series that teaches the basics about the TSGLI Program. As new online training modules are developed, they will be added to the website.



**QUESTIONS?**

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**1-800-669-8477**

**Visit our Website:**

**[www.insurance.va.gov](http://www.insurance.va.gov)**



## Insurance Website Features

Among the many options available on our website an insured can:

<b>Link</b>	The Department of Veteran's Affairs Home Page, which provides links for all Veterans Benefits & Services.
<b>View</b>	<p>Various information on all of VA's life insurance programs, including SGLI and VGLI such as:</p> <ul style="list-style-type: none"> <li>• Insurance benefits for service-disabled Veterans</li> <li>• How to file a death or waiver of premium claim</li> <li>• Change dividend options</li> <li>• Make a premium payment via credit card</li> <li>• Apply for VGLI on-line</li> <li>• I-News: on-line newsletter containing articles of interest to policyholders</li> <li>• Frequently Asked Questions about VA life insurance, SGLI, SGLI Spousal coverage, TSGLI, and VGLI</li> </ul>
<b>Apply for</b>	<ul style="list-style-type: none"> <li>• Service-Disabled Veterans' Insurance using the AutoForm (Automated Form) application. (See <b>"Apply for S-DVI Insurance Online" on page 86.</b>)</li> <li>• Veterans' Group Life Insurance (See <b>"On-Line Application" under VGLI on page 43.</b>)</li> <li>• A policy loan (See <b>"Applying For a Policy Loan" on page 64.</b>)</li> </ul>
<b>Calculate</b>	<ul style="list-style-type: none"> <li>• The estimated amount of life insurance necessary to support survivors should the Veteran die using the "Life Insurance Needs Calculator. (See <b>"Life Insurance Needs Calculator" on page 86.</b>)</li> <li>• VMLI life insurance premium using the "Veterans' Mortgage Life Insurance Premium Calculator" (See <b>"Veterans' Mortgage Life Insurance Premium Calculator" on page 86.</b>)</li> </ul>
<b>Access</b>	Insurance policy information. (All policies <i>except</i> VMLI and SGLI.) (See <b>"On-line Policy Access" on page 85 &amp; 87.</b> )
<b>Ask</b>	Questions about, or request an action be taken on, their VA life insurance policy.
<b>Search</b>	A database to determine if VA is holding unclaimed insurance funds. This money represents death awards, dividend checks and premium refunds that were mailed to policyholders. These payments were returned to VA by the Post Office because they could not be delivered.
<b>View, Download or Print</b>	<ul style="list-style-type: none"> <li>• VA Life Insurance Programs handbook</li> <li>• SGLI/VGLI handbook, which provides a comprehensive overview of these programs.</li> <li>• SGLI forms and VA insurance forms such as Designation of Beneficiary, Application for Reinstatement, Claim for Disability Insurance Benefits, and many others.</li> <li>• TSGLI Procedures Guide</li> <li>• A legislative history of the SGLI &amp; VGLI Programs</li> </ul>
<b>Contact</b>	<ul style="list-style-type: none"> <li>• The VA Insurance Center</li> <li>• The Office of Servicemembers' Group Life Insurance</li> </ul>

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